Cofidis
GROUP

Activity Report 2021

Contents

Editorial

By Gilles Sauret

Chairman of the Board of Directors
Cofidis Group

"2021 – a year of acceleration, presenting risks and opportunities"

I closed 2020 – an unusual year still buffeted by the pandemic - looking towards a future charged with optimism thanks to all we had created and what we had still to do. The optimism continued through 2021, a year of transition in which we learned to live with the virus. That transition was made possible by scientific progress, which highlighted the importance of innovation, the collective and human invention – things that can make the difference when all energies are channelled into a shared purpose.

Despite the difficult situation worldwide, in 2021, Cofidis Group also opted for transition through acceleration, presenting both risks and opportunities.

Accelerated digitalisation of society, offering exciting possibilities but running the increased risk of exclusion for those who are left out.

Accelerated evaluation of our relationship with work and more generally with society, propelled by meaning and progress but also withdrawal and disengagement.

Acceleration of the collective and pulling together, including the involvement of many and of particular professions even today in this prolonged pandemic, but also creating a widening gap with those who do not join the movement.

Acceleration of the pace of change and of the ever shorter time to adjust, creating optimism through the discovery of environmental or medical solutions within an acceptable timeframe while risking the exclusion of those who do not embrace such change.

In a pressured environment, we have managed to make the most of 2021 to accelerate our performance while at the same time preparing ourselves against inherent risk through our strong social, societal and environmental commitment.

Looking ahead to the next few years, Cofidis Group is concerned acceleration has been – and will continue to be – synonymous with development, security, synergy, enthusiasm, engagement and confidence. On top of this, and perhaps most of all, it reflects the concept of friendliness, a value that is important to us and will be one of our objectives in 2022. This will be a future mostly in our own hands – not a claim many of those around us can make. And luck has nothing to do with it. It is the result of our determination to become a group that is ever richer in brands, diversity, distinctiveness, complementarities and human-centred expertise that is working towards a common goal by focusing its efforts without ever losing track. There is no better illustration of this than the awards we have received and the positive feedback from our customers, partners and all the stakeholders in the Group. Indeed, these are the three complementary and inseparable pillars. Without these, we would not be the leading, innovative, agile and collaborative Group that we are today and which we intend to remain. A company that puts people and the planet first.

In 2021, we accelerated and worked tirelessly to achieve our ambitious aim of becoming a mission-based company, guided by our Group-wide Experience First project. Achieving this objective will ensure Cofidis Group's future as a major group with strong brands that is preferred by its customers, its partners and its staff.

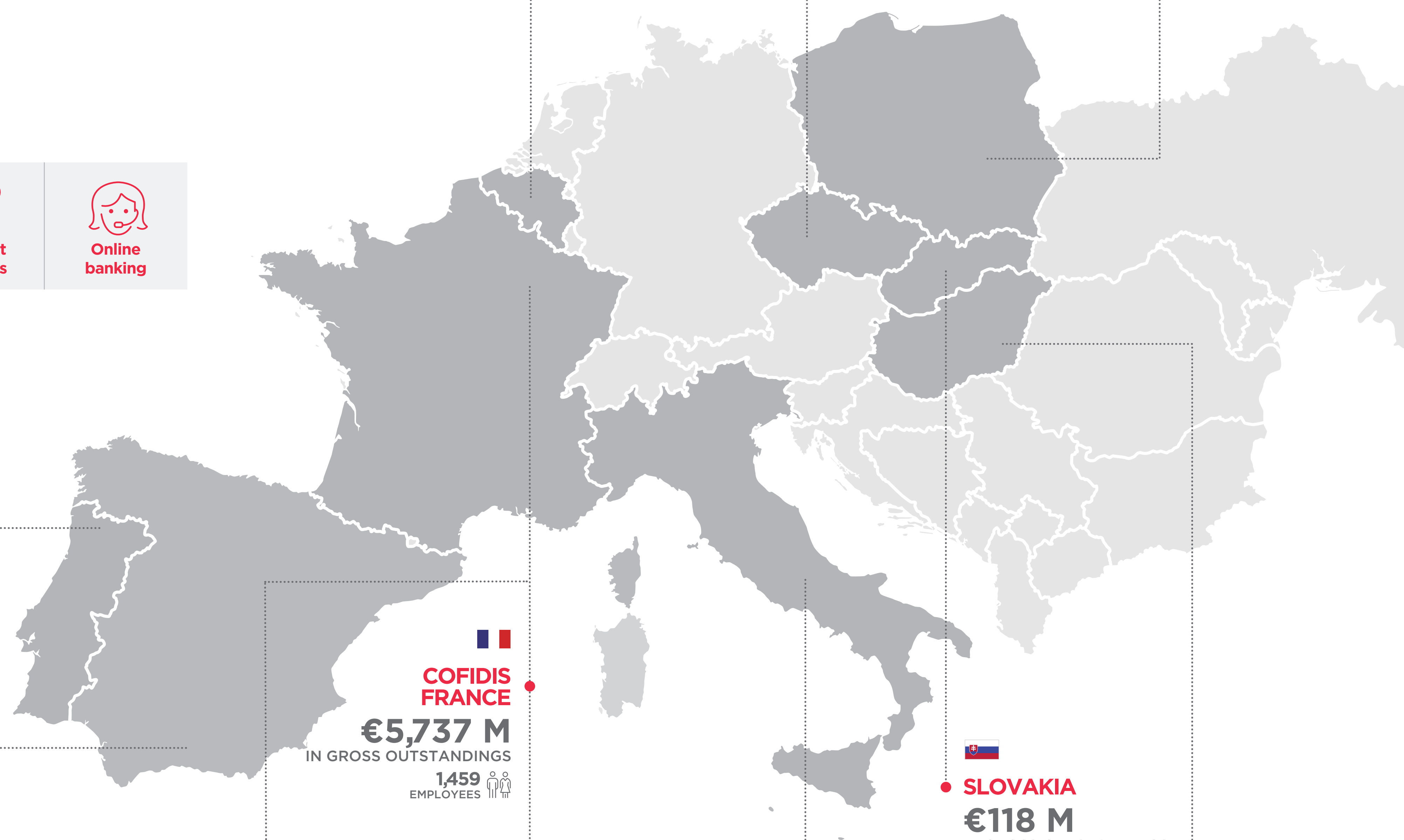
Cofidis Group at a glance

4 businesses to serve our customers and partners

Credit	Insurance	Payment solutions	Online banking

9 countries in Europe

- Belgium
- Spain
- France
- Hungary
- Italy
- Poland
- Portugal
- Czech Republic
- Slovakia



PORTUGAL
€2,484 M IN GROSS OUTSTANDINGS
683 EMPLOYEES

SPAIN
€1,682 M IN GROSS OUTSTANDINGS
812 EMPLOYEES

MONABANQ
€110 M IN GROSS OUTSTANDINGS
€750 M IN GROSS SAVINGS
203 EMPLOYEES

BELGIUM
€1,027 M IN GROSS OUTSTANDINGS
366 EMPLOYEES

COFIDIS FRANCE
€5,737 M IN GROSS OUTSTANDINGS
1,459 EMPLOYEES

CREATIS
€2,945 M IN GROSS OUTSTANDINGS
258 EMPLOYEES

SYNERGIE
447 EMPLOYEES

CZECH REPUBLIC
€142 M IN GROSS OUTSTANDINGS
118 EMPLOYEES

POLAND
€125 M IN GROSS OUTSTANDINGS
84 EMPLOYEES

SLOVAKIA
€118 M IN GROSS OUTSTANDINGS
70 EMPLOYEES

ITALY
€1,275 M IN GROSS OUTSTANDINGS
323 EMPLOYEES

HUNGARY
€336 M IN GROSS OUTSTANDINGS
343 EMPLOYEES

3 commercial brands

Cofidis

monabanq

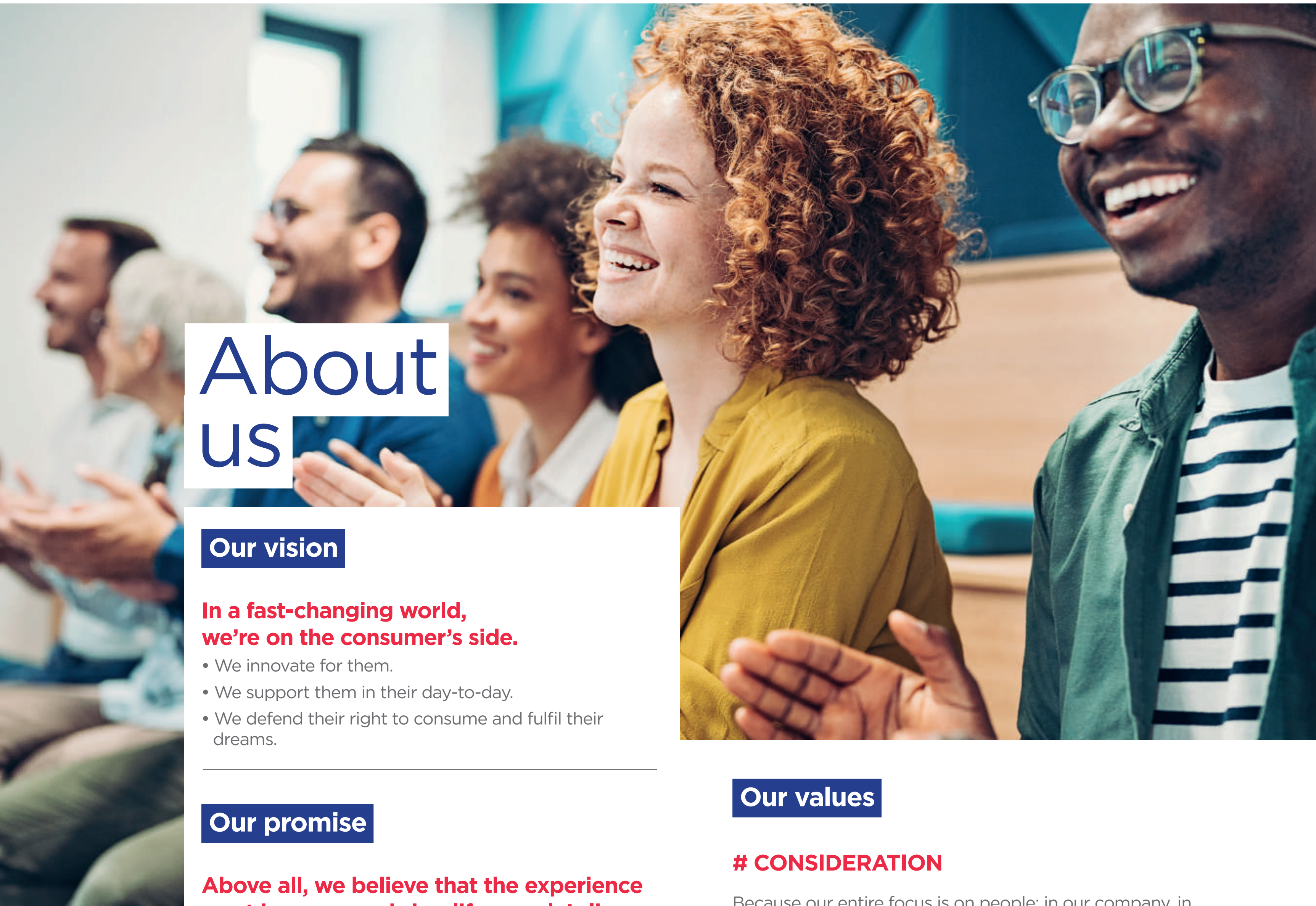
creatis LE POUVOIR D'AGIR®

1 European Economic Interest Grouping (EEIG)

synergie

Solid results

€15,957 M
gross outstandings in 2021



About us

Our vision

In a fast-changing world, we're on the consumer's side.

- We innovate for them.
- We support them in their day-to-day.
- We defend their right to consume and fulfil their dreams.

Our promise

Above all, we believe that the experience must improve and simplify people's lives.

Every day, we set ourselves the challenge of providing our employees, customers and partners an experience that gives emotion its rightful place.

Our business

Our business is based on a personalised, trusting and accessible approach that forges human-centred relationships.

Whatever their desires or expectations, our customers know they can count on us to provide the financing solution they need. At each step in their lives we are there to help them turn their personal and business projects into reality.

Our values

 # CONSIDERATION

Because our entire focus is on people: in our company, in our relations with our customers and partners, and with society in general.

 # RESPONSIBILITY

Because we run ethical businesses and engage with our staff, customers and partners at the social and societal levels.

 # AGILITY

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

 # BOLDNESS

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

Our ambition

Our aim is to be a European all-rounder.

Our ambition today is to be one of the top 3 market players in all the countries where we operate – to become the go-to company for staff, customer and partner experience.

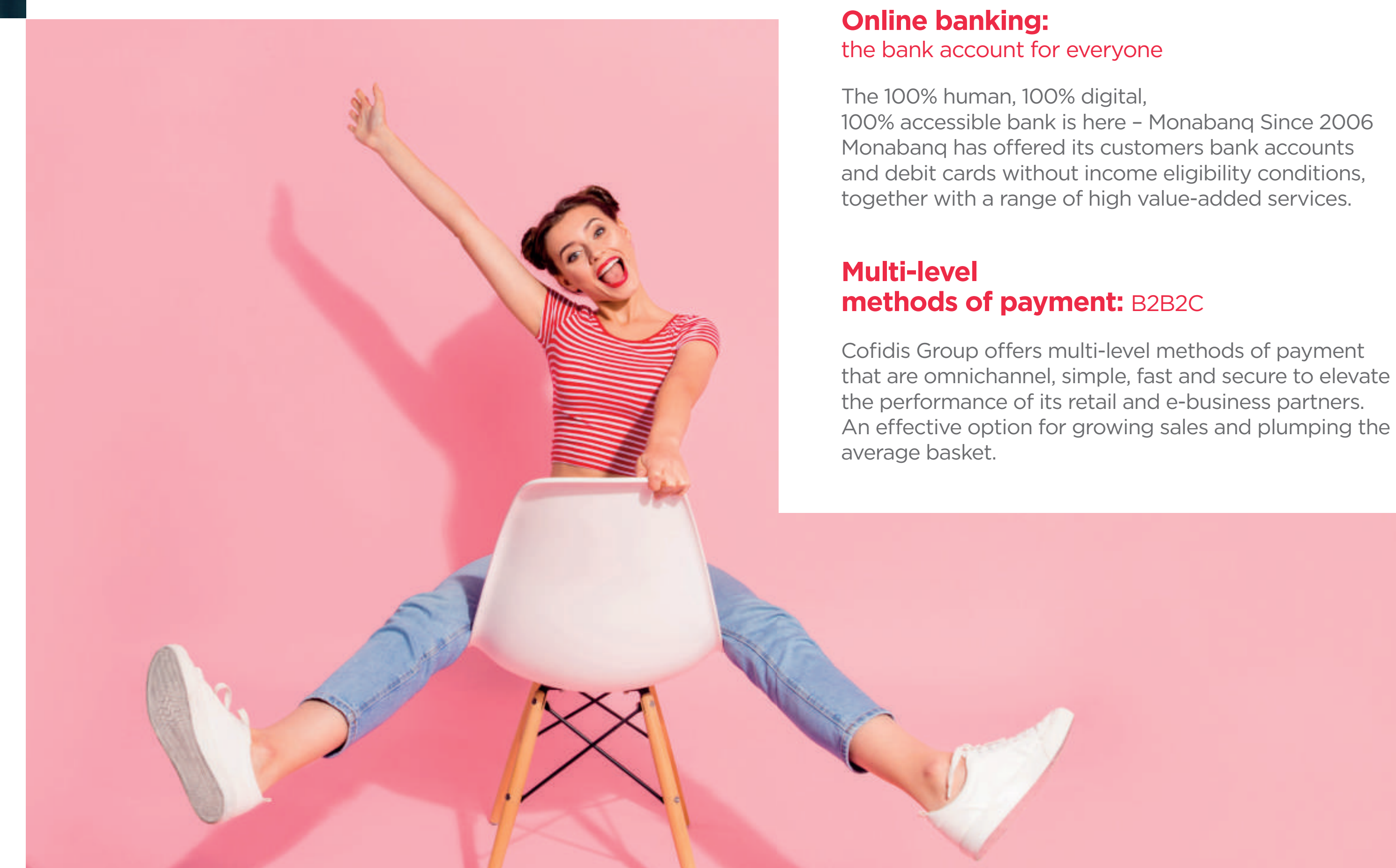
Our conviction

We put people first.

People are our main asset. Day in, day out, our collective commitment and adaptability is what makes the difference to our customers and partners. We create a living, breathing community with them where real experiences gradually develop into special relationships.

Whatever our business or brand, we all uphold this same conviction, these same human values and this same professionalism. We believe that financial solutions must promote a fully inclusive society.

Our outlook is that of a group that is resolutely open, human and responsible.



Our businesses

Online credit:
financing at the click of a mouse

What is the unique expertise that has enabled Cofidis Group to expand across Europe? Online credit where the distance doesn't matter: this has gradually developed into a full range of innovative credit solutions that support our customers in all their projects through financing adapted to all individual situations.

Credit repurchasing:
simplification tailored to you

Creatis is *the* credit repurchasing expert, combining all or some of the customer's current loans with one clear aim: to reduce the debt ratio and make their borrowing easier to manage and better suited to their financial profile at any given time.

Insurance :
protection comes first

Creditor insurance to protect current loans, life protection insurance to protect your family, guarantee extension insurance to protect your assets – all Cofidis insurance products and services are designed to meet the coverage you require at any moment in your life.

Online banking:
the bank account for everyone

The 100% human, 100% digital, 100% accessible bank is here – Monabanq Since 2006 Monabanq has offered its customers bank accounts and debit cards without income eligibility conditions, together with a range of high value-added services.

Multi-level methods of payment: B2B2C

Cofidis Group offers multi-level methods of payment that are omnichannel, simple, fast and secure to elevate the performance of its retail and e-business partners. An effective option for growing sales and plumping the average basket.

EXPERIENCE FIRST

Experience FIRST

It is now three years since Cofidis Group started Experience FIRST, its ambitious and people-centred Group project. This puts the customer, partner and staff experience first, harnessing the synergies of knowledge and best practice across all our subsidiaries to pull together.

Based on shared expertise, Experience First drives acceleration in a constantly changing society. It helps us rise to the challenges that the repeated crises we are navigating continue to create. It helps us challenge ourselves daily to level up performance and make life easier for people.

Our know-how

PROVIDING OUR STAFF, CUSTOMERS AND PARTNERS WITH
AN EXPERIENCE THAT IS:

RESPONSIBLE
fostering independence, decisions and accountability

IMMEDIATE
meaning streamlined, seamless and paperless

PERSONALISED
championing trust and accessibility

AGILE
delivering any time, anywhere, anyhow

HUMAN
creating real emotion and honesty

Our shared and cross-functional objectives

F

Forging our image to strengthen our reputation

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

Thierry VITTU
Director, Human Resources
Cofidis Group

"Over time, our image is forged and created based on what we are, what we do and what we say."

I

Innovating together to create more value for our customers and partners

We are developing our digital capabilities and our data management. This is how we stand out from the competition. Together, we are working towards this transformation in order to scale up our performance.

Alain COLIN
General Manager
Monabanq

"Looking beyond our entities, we need to innovate together, to find inspiration within the Group and to share ideas across borders if we are to create ambitious projects that will benefit as many people as possible."

R

Reinventing the experience to maintain our lead

We strive for excellence in all our relationships and the experience we provide our customers, partners and staff.

Luc-Bertrand SALUS
General Manager
Cofidis Spain

"Compared with often dehumanising digitalisation, there's no doubt that we're well ahead of our competitors because we've done the hard part, we've made it 100% human. Let's now speed on to 100% digital."

S

Stimulating collaboration to provide an exciting professional experience

People are at the heart of our corporate culture and activities. We want to give our staff an experience that is human-focused and exciting, promoting their talent within a positive and supportive environment.

Nicolas WALLAERT
General Manager
Cofidis France

"The time of every person for themselves is over. The way to win is to act together. Collaboration stimulates innovation, increases productivity and improves team satisfaction."

T

Transforming our organisation to become more agile

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

Céline MOTTE
Head of Development and Customer Experience
Cofidis Group

"Agility means looking even further outside the Group for inspiration, to develop our skills and to grasp opportunities."

Working together to **boost performance**

2021 was still disrupted as a result of the pandemic and was characterised by a surge in digitalisation that was imposed as a result of remote working. In a fast-changing world, our **expertise** in credit, payment solutions and online banking, the **innovation** built into our products and services, and our resolutely **collaborative** and **agile** approach enabled us to achieve our sustainable performance target. Our performance puts people first, whether it's our customers, partners or staff.

A glance at our **expertise**

EVA SZUROS
CUSTOMER EXPERIENCE EXPERT
COFIDIS HUNGARY

Customer focus means concentrating on their needs at every step of their experience. Our methods for actively listening to the **customer's voice** (surveys, feedback, net promoter score, customer effort score etc.), backed up by the vocal analysis now being studied, provide us with constant analysis of irritants for customers. By mapping points of contact along the customer pathway, producing an accurate description of the experience expected at each stage and close collaboration within our teams, we are becoming significantly more agile in our ability to continue offering improvements that bring us ever closer to the **ideal experience**.

A glance at our sense of **innovation**

COLINE JOUBIER
MANAGER,
MARKET INNOVATIONS
SYNERGIE

Innovation is a toolbox you can use anywhere in the company. It allows you to interpret markets and changes in consumer habits and to make projections about the future so that we can internally identify the ideas and **projects that will create value** for our Group and for tomorrow's society. It's about finding **differentiating levers** that will make us ever more efficient in serving our customers and partners. In practice, it's a set of ecosystems, methodologies, places and ambitions that will feed into our projects and enable us to transform and evolve towards the business model of tomorrow.

A glance at our **agility** and **collaborative** spirit

ISABEL MACHADO
UX LEAD
COFIDIS PORTUGAL

If we want to innovate, we need to move fast. And if we want to move fast we need to be sure we have enough consistent **collective intelligence** to be able to paddle along together in the same canoe, moving towards the same destination.

To remain agile, we are using **working methods** that help us maintain the concentration we need to progress fast and together. To design and validate innovative products and services, we organise design sprints in which a **multidisciplinary team** spends one week intensively thinking, making progress and deciding together. It's a rewarding experience that I recommend.

Boosting our **expertise** to achieve relationship excellence

For 40 years, Cofidis Group has been growing across France and Europe by designing new everyday financing solutions for its customers. We pioneered online credit and were the first to offer online banking to all. In 2021, as we recovered from the pandemic, we continued to grow by reinventing relationships where the distance doesn't matter, based on the quality of the relationship itself. Because the experience we want to give our staff, customers and partners must leave ample room for human feelings.

In **2021** we...

Click here to check out our 2021 achievements in pictures.

accelerated roll-out of our customer pathways

Since its was founded in 1982 to deliver online credit where the distance doesn't matter, Cofidis Group has relied on relationship and technology innovation to maintain its customer focus.

In 2021, to meet the needs of all our customers, we improved our organisation, launched new services and designed new tools that are 100% digital yet 100% human. We had a single purpose: to further reduce the distance between our customers and our teams, ensuring a meaningful, human and personalised experience that grants emotion its rightful place.

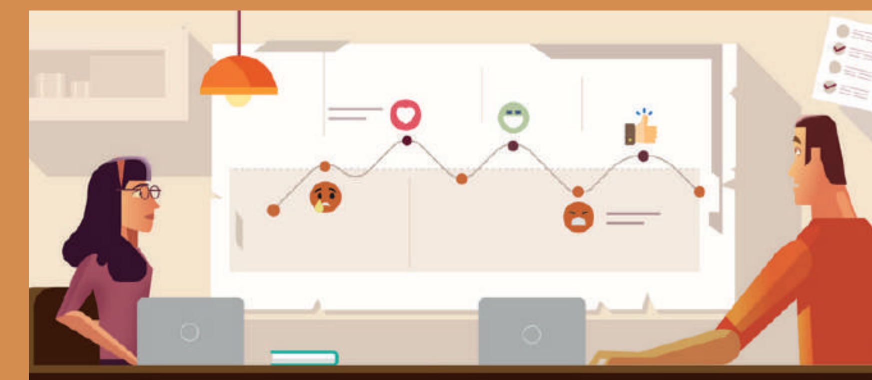
We are reorganising our activities around customer pathways

Thanks to our new customer pathway cross-functional governance system, in 2021, we took a further step towards the relationship excellence we all aspire. 'Customer focus' as a concept comes into its own in an ecosystem in which our customers are connected to our staff, partners and the rest of the country. We therefore designed the transformation of our organisations in all our subsidiaries around new ideal customer pathways.

This new customer-focused organisation is gradually spreading across all our entities and is helping us adjust to consumer expectations and to changes in their behaviour.

Focus on...

CX Design,
turning ideal customer pathways into reality.



CX Design maps the interaction between companies and their customers: a customer pathway to improve the customer experience (Customer eXperience).

Following a course in CX Design at end-2020, **eight Group companies** were able in 2021 to use the customer pathway design programme developed by **SynerGIE** in collaboration with **Cofidis France**.

The competitive spirit produced from collective evaluation has created a new Group dynamic in which each subsidiary, regardless of size, is progressing, depending on its own commitment levels, through fixed stages: from the drafting of customer and staff questionnaires to the formal production of an ideal pathway.

The result of the collective experience was the creation of one or more improved CX customer pathways by each Cofidis Group entity.

"CX design workshops teach us to use the customer's own experience to improve management and create the ideal experience."

Ouassini BOUZIANI
Managing the Customer Experience
Cofidis Belgium

Customer Experience 2.0
Cofidis Poland

Over a third of Cofidis Poland staff attended cross-functional workshops on customer experience. This first collaborative programme produced dozens of ideas on how to improve the customer pathway. A second edition is now being run: Customer Experience 2.0.

Vika the Voicebot
Cofidis Czech Republic

Cofidis Czech Republic is opening an additional channel of communication to its customers. Vika the Voicebot (AI vocal assistant) is being trialled in several prospecting and loyalty campaigns.

Video calls
Cofidis France and Monabanq

Video calls, being trialled at the start of 2022 by Cofidis France and Monabanq, allow customers to talk to their advisors by webcam on Skype. This new method of contact was developed from an idea by one member of our staff for our symmetry of attention to customers and advisors alike.

WhatsApp chat
Cofidis Italy

Cofidis Italy has developed a fully digital, unique solution for interacting with its customers – an automatic chatbot that allows prospects to request a Power Credit revolving loan via WhatsApp For Business.

confirmed our relationship excellence

For 40 years, Cofidis Group has built remote and personalised trusting relationships with its customers and partners to be able to cater to their every need.

The remoteness imposed by a pandemic that continued through 2021 confirmed our ambition to more closely combine digital with personal and expertise with simplicity. To this end, we focused on delivering high-quality remote customer relationships and defend our customers' right to consume. We are proud of scoring the highest European ratings again this year.

To ensure our leadership is sustainable, we strive for excellence in our relations by showing consideration, which is one of the key values upheld by all our teams, entities and businesses.

10
customer satisfaction awards were presented to Group companies in 2021.

Symmetry of attention – the winning combination between listening and trust

Symmetry of attention is based on the principle that a happy employee makes a happy customer. The company's role in the human relationship is therefore essential if employee commitment is to lead to satisfied customers.

It was a great source of pride for us in 2021 to have put the customer first throughout the Group. The consumer remains the top priority for Cofidis Group staff who all actively strive for customer satisfaction. As change in our customer habits and communications becomes faster, we are adding to our methods of contact to make sure that we can understand their emotions and moments of pleasure as well as the sticking points wherever they are along their pathways and whatever communication channel they are using.

At the same time, we are determined to guarantee an exceptional employee experience, showing our staff the same consideration as we do our customers. Training, trust, the ability to make a contribution and listening to feedback have given us a reputation for offering all our staff in all our entities a quality professional life. This is backed by 9 of our 12 subsidiaries featuring on this year's Great Place to Work list.

8am to 8pm, 6 days a week
Cofidis France customer service opening hours thanks to our working hours project.

Staffino customer satisfaction survey
Cofidis Poland, Slovakia, Czech Republic

Staffino is a customer satisfaction survey and feedback solution run immediately after customer contact. Used in three of our Eastern European subsidiaries, this innovative tool reinvents the customer and employee experiences.

Certified customer opinions with Avis Vérifiés
Cofidis Belgium

Through the Avis Vérifiés platform, Cofidis Belgium collects as many customer opinions as possible and responds to them. The two-fold aim in reviewing the customer experience right to the end is to strengthen the company's image and to improve brand reputation.

Focus on...

The labels and certifications

we've won for our excellent customer relations.

Labels, trophies, certifications: the awards that Group companies have scooped this year for the excellence of their relations yet again reflect the trust and appreciation we receive from our customers and partners.

Cofidis France, Spain, Portugal, Italy and Hungary and Monabanq: all across Europe, our staff work towards our efforts to achieve relationship excellence.

"These awards are recognition of the work done not only by present teams but by all the teams who have given their best over all these years."

Benjamim SIMÕES
Head of Operations
Cofidis Portugal

Cofidis France

Award for the best online customer relations by email and social networks, Banking/ Finance category

"Happy Team, Happy Customers" label for our symmetry of attention

Cofidis Italy

Customer satisfaction-certified by ITQF (German Quality Institute) once more this year

Cofidis Portugal

Voted "Consumer Choice" for the 10th year running

Cofidis Spain

Voted Best Customer Service in the "Lending Institutions" category for the 8th time

Cofidis Hungary

Winner of the award for excellent customer relations in both the "Call Centre" and "e-customer" categories

Monabanq

Award for the best online email and social network customer relations, Banking/Finance category

Voted Customer Service of the Year in the Internet Banking category for the 5th time

Banking quality awards

Moneyvox awards in three categories: daily life advisors, website and mobile app

The working hours project
Cofidis France

Designed in collaboration with its staff, in July 2021 Cofidis France introduced longer opening hours. This means that opening times can be adjusted to suit customers' new lifestyles and to ensure the best possible working conditions for staff.

Annual satisfaction survey
Cofidis Spain

Each year, Cofidis Spain surveys its retail partners' satisfaction with its products and services, constantly adding to and improving the partner experience and supporting the financial partnership over the long term.

built win-win partnerships

In 2021, we entered into a number of prestigious new strategic partnerships across Europe that were based on a shared ambition to collaborate on innovation in order to serve our consumers.

The strategic partnerships we always build are based on relationships that offer value to each stakeholder. Since we aim for relationship excellence, we develop relationships of trust with our partners by giving them access to our complementary international expertise.

+96,000
partner points of sale
in Europe

Our solutions improve the performance of our B2B2C partners

Our Europe-wide Group benefits from the experience of all its entities as well as from its strategic international partnerships. Our combined expertise allows us to work with prestigious partners such as Amazon, Huawei, Amazon Pay, Boulanger and Decathlon.

And because our partners' customers are our own customers, we endeavour to forge relations with them that are of the quality that governs all our activities.

To ensure payment is fast and smooth, our dedicated and trained customer relationship teams share their know-how and experience with our partners' sales teams. We also provide them with marketing professionals to help promote instalment payments to their customers.

These B2B2C relationships encourage us to imagine increasingly relevant financing solutions tailored to help our partners in their own commercial relationships. Cofidis now offers the widest range of instalment payment solutions on the market to support its partners, regardless of business sector or distribution channel (web, point of sale and/or remote sales).

Focus on...

New strategic alliance with Standvirtual

a win-win partnership with the leader of Portugal's auto market.

To grow its automotive business and especially to support the sector in its digital transformation, Cofidis Portugal has signed a new partnership agreement with Standvirtual, the leader of the Portuguese car sales market. Thanks to the new alliance, the end user will in the medium term be able to access custom-made financing solutions online. Parallel to this, the company can now improve its understanding of the industry and experiment to bolster its positioning in Portugal's car financing sector.

The partnership, which is for an initial 24 months, will also introduce several new events: competitions, digital partner events, branded content, etc., to raise the profile of our brand.

"The partnership is a big plus in the delivery of added value to our current partners and in preparing us for the transformation of Portugal's auto market, which is now underway."

Sofia SOUSA
B2B Marketing Manager
Cofidis Portugal

1st live car shopping in France with Aiways

Cofidis France

In 2021, Cofidis France entered the automotive market through an unprecedented partnership with Aiways, a new company selling fully electric cars with entirely digital distribution. Cofidis France is supporting the expansion of Aiways in France with a flexible and secure financing solution for consumers, offered during their innovative live shopping sessions.

High-end household appliances with Vorwerk

Cofidis Poland

To help consumers purchase innovative and efficient household appliances, in November 2021 Cofidis Poland began cooperating with Vorwerk, a leading brand and the manufacturer of Thermomix® and Kobold®.

E-learning for partners

Cofidis Slovakia

Through its live online videos, Cofidis Slovakia provides its partners with training in its products, operations and operating processes – all of which are essential for their cooperation.

3xCofidisPay at Walibi Belgium

Cofidis Belgium

Cofidis Belgium's 3-instalment payment solution means that visitors to Walibi, Belgium's biggest theme park, can now stagger payment for their purchases to enjoy quality time with their family. The e-commerce partnership is in line with the continued digitalisation of the company's services.

consolidated reputation of our brands

Whether targeted at prospects or customers, our brand image is an expression of our identity and values. It must be in line with the objectives of our customers and partners and be disseminated through memorable campaigns which increase our influence.

In 2021 we launched a number of creative and often remarkable campaigns in an effort to meet our customers' aspirations. Society changes. Consumer habits change, and consumers have new needs. The positions of our entities and their advertising campaigns reflect those changes and the attention we pay to customer expectations.

An award for the confidence in our brand

Cofidis Portugal

For the 7th year in a row, Cofidis Portugal was voted "Brand of Confidence" in the "Consumer Credit Companies" category. This is a source of pride and rewards the company's efforts to streamline access to the financial world for its customers and help them to fulfil their dreams.

Our creative campaigns give a boost to our reputation

We offer our customers the credit they need to make their dreams come true. But that's not the only reason why they come to us: they're also attracted by our expertise, the experience we offer, our values and our reputation. And we need to keep plugging our reputation because it enhances the intrinsic value of our products.

In 2021, our Group companies repurposed their image with amazing advertising campaigns, some of which won awards. The ads refocused credit as a part of everyday consumer life, and in doing so, fixed the Cofidis and Monabanq brands in viewers' minds.

For over 25 years, we have also sponsored cycling as a sport that reflects our values of performance, the desire to excel, solidarity, consideration, inclusion, diversity and the collective.
Across Europe the Cofidis cycling team proudly wears our red and yellow colours, giving the best account of themselves in the sport's iconic races.

Focus on...

Loyal sponsorship of professional cycling for 26 years to promote our values.

Once again this year, we extended our commitment to Team Cofidis until 2025, celebrating over 25 years of passion for cycling. The Team's constant appearance in the biggest world competitions (with a para-cycling team since 2009 and a women's team since 2022) enables all Group entities to use cycling as a platform to increase their visibility.

For each of our operating countries to use our cycling team in its advertising, we encourage our subsidiaries to invest in cycling races like the Tour de France, Spain, Italy, Hungary or Poland, the Classiques Ardennaises in Belgium, the women's Tour du Portugal and the world para-cycling championship. To that end, our companies are diversifying their partnerships to include main events in national and local cycling.

26 sponsoring seasons

418 wins since the 1997 season

48 cyclists from 12 countries in 2022

"Cycling helps raise our profile in countries with less coverage and elevates our brand image in more developed markets."

Thierry VITTU
Director Human Resources Cofidis Group and President of **Cofidis Compétitions**

Mission Incredible TV ad

Cofidis Hungary

Thanks to an extraordinarily creative TV ad, Cofidis Hungary is positioning itself as the go-to lender with the aim of capturing its new prospects. On the top Hungarian lists of ads, the spot has extended the brand's reach, making the company the second most quoted financial institution in the country's consumer credit market.

From the Screen to Real Life campaign

Cofidis Spain

To cement its brand status, Cofidis Spain staged an interactive campaign (*En una vida hay muchas vidas* – every life has many lives) and a 6-episode series supported by podcasts and video podcasts. The campaign emphasises the reliability of the brand as a lender.

Les gens avant l'argent (People before profit) campaign

Monabanq

Monabanq's 2021 TV and digital campaign celebrates people by putting the word 'people' before the word 'bank'. In this environmentally responsible film ad, the Group's Internet bank focuses on the solidarity and sustainable features of its image.

Your credit stories web series

Cofidis Portugal

To celebrate its 25th birthday, Cofidis Portugal produced a web series in which customers and partners discuss the (positive) impact Cofidis has had on their lives. The series presents the company as a simple, useful brand delivering social impact with a firm commitment to people and society.

Accelerating **innovation** to meet market challenges

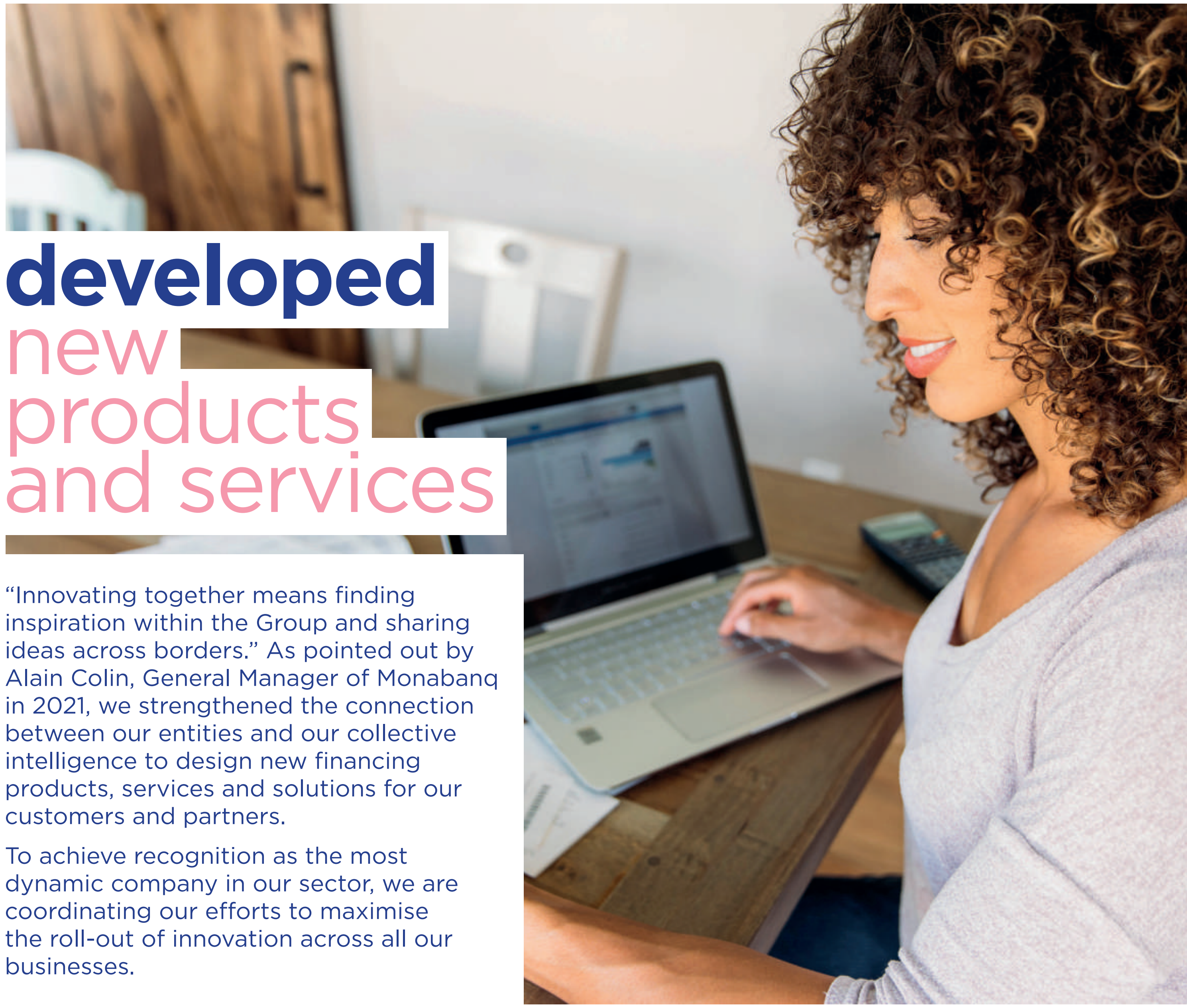
In order to create a sustainable future, Cofidis Group pays particular attention to the trends that are changing our relations with the world, business and people. If we are to react to new habits and needs and simplify the lives of our customers and staff, we have to address the challenges of digital transformation by introducing innovations that are not just technological but also concern relationships and people. Against this backdrop, in 2021, the Group developed multi-faceted innovation to meet the human challenges.

OUR PERFORMANCE / **ACCELERATING INNOVATION**

In **2021** we...

- **developed** new products and services / p 26
- **improved** data management, focusing on value creation / p 28

Click here to check out our 2021 innovations in pictures.



developed new products and services

"Innovating together means finding inspiration within the Group and sharing ideas across borders." As pointed out by Alain Colin, General Manager of Monabanq in 2021, we strengthened the connection between our entities and our collective intelligence to design new financing products, services and solutions for our customers and partners.

To achieve recognition as the most dynamic company in our sector, we are coordinating our efforts to maximise the roll-out of innovation across all our businesses.

Bringing forward value creation for our customers and partners

In a world that is changing at digital speed, it is now more important than ever that we respond to the fast changes in the habits of our customers and partners. And that acceleration of requirements is driving us to innovate together so that we can adapt, sustain our positioning, and ensure Cofidis Group endures.

It is because we create value for our stakeholders and are determined to maintain a win-win balance with them that we are expanding our customer portfolio and becoming more competitive.

We rely on the agility and collaboration within our Group to develop and improve our products by:

- Including the innovation experts of all our entities in a community that shares ideas, initiatives and best practices while maintaining links with the Crédit Mutuel Alliance Fédérale group of experts.
- Identifying the needs and practices of our different businesses so that Innovation Committee actions can be defined and prioritised.
- Developing an open ecosystem, through an open innovation approach, with the tech industry, *grandes écoles* (elite French higher education establishments) and universities.

Focus on...

Acquiring on SmartPOS

simpler payments to our partners.

"By combining PagoDIL with Acquiring in Smart EPTs, Cofidis has strengthened its position as the most innovative player on the Italian market and as user experience leader for its customers and partners."

Enrico INVERNIZZI
Head of Agent Network, **Cofidis Italy**

Launched in 2019, Cofidis Italy's innovative SmartPOS EPT has supplied the company with a new functionality to supplement PagoDIL. Given the over 14,000 Smart EPTs already in the country, in 2021 the company introduced Acquiring, a new service that enables thousands of its partners to accept Italian and international card payments using SmartPOS.

Following trials with 11 partners in Lombardy, the innovative solution was rolled out across the country in June 2021. A collaboration with SIA, the new service also creates partner loyalty for Cofidis Italy, which supports their performance, and increases the take-up of its own services.

Electrosûr, an insurance for life!

Cofidis France

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

MINŐSÍTETT
FOGYASZTÓBARÁT
SZEMÉLYI HITEL

The personal loan with the "Consumer Friendly" label

Cofidis Hungary

As the 2021 flagship product in the range of direct products offered by Cofidis Hungary, this new repayment personal loan has been certified "Consumer Friendly" by the National Bank of Hungary. It is also the first entirely online-only product.

RAC: property loan consolidation

Creatis

Creatis has added RAC to its repurchasing range to further meet the needs of its customers and the requirements of its partners. Launched in March 2021, RAC consolidates property loans, putting a conditional mortgage on the property concerned, and is already a big success for the French subsidiary in this new market.

AI and the digital experience

Cofidis Portugal

Cofidis Portugal is improving its administrative procedures thanks to cutting-edge AI technologies: OCR (Optical Character Recognition) in the acceptance process and CofidisPay, AD (digital signature) in legal signature authentication and CMD (mobile digital key) for onboarding customers onto the website.

improved our data management, focusing on value creation

Spearheading our accelerated, boosted performance is organisational and process transformation. Remote relationship management is part of our corporate culture, highlighting the importance of effective data management. In an increasingly digital world, data management must become an essential differentiation lever because we are a data-driven group that requires data to innovate and cater to the needs of our customers and partners.

Responsible data-driven transformation

To accelerate our transformation to a data-driven approach, the Group is recruiting new profiles including data scientists who construct mathematical models using collected data. Although we approached and listened to them with a human touch, customers also exist through their data, which we process and analyse to better resolve their problems, anticipate their needs and to measure their satisfaction and deliver increasingly personalised services.

These scientific analyses also help us evolve our businesses and products to ensure they reconcile responsibility with profit through cognitive solutions on channels that feed into the heart of the Group.

Even when exploiting its data, the Group's environmental commitment remains firm, leading to the responsible management of the data we store. We undertake to reduce the historic depth of our databases and to make all staff aware of the need to manage stored emails and other digital resources in an effort to shrink our digital footprint.

ACCELERATING INNOVATION - **IN 2021 WE...**

Focus on...

Hackathon group on open banking

Collective intelligence serving innovation.

In June 2021, the Group's Data Department organised its third hackathon group on the subject of *Open banking – Forecasting risk using banking data*. This brought together all the data businesses of all the Group's companies in an extremely agile and collaborative event. 100 participants divided into 22 teams faced up to the challenge presented by this hot new topic, using banking data provided by Monabanq.

100 staff	**7** countries
22 teams	**14 hrs** prelim. training

What makes a hackathon special? It accelerates projects by using a large-scale task force for a short period of time, while simultaneously allowing each participant to develop their skills and have contact with other participants. In 2021, participants were also introduced to text mining, a statistical method, in pre-hackathon training.

"By organising these events, we are helping staff express their wish to work with data and show their talent in the area."

Amélie CANONNE
Head of Data and New Technologies.
Synergie

Cognitive email analyser
Cofidis France

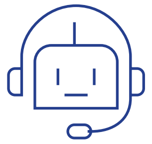
To speed up the answers it sends its customers and make them more relevant, Cofidis France has introduced an email analysis solution. Through data analysis, the programme identifies what the customer wants from their email and directs the email accordingly. An effective solution that drives our relationship excellence

Reporting 21 project
Cofidis Portugal

As part of its transformation and in order to standardise information by basing it on performance indicators (KPIs), Cofidis Portugal has reset the KPIs for its strategic aims and has developed the Reporting 21 project. Both projects are data-based, adopting a co-development approach that involves all staff.

Eco clean up week
Cofidis Group

As #LikeMyPlanet followers of responsible digital practices, at the start of 2022 the Group's companies took part in the fourth Eco Clean Up Week organised by Crédit Mutuel Alliance Fédérale. Multiple initiatives were organised to raise awareness and coordinate projects aimed at reducing the Group's digital footprint.



Virtual HR assistant
Cofidis France

Incubated in the Centre for Skills in Cognitive Solutions, the virtual HR assistant pilot was launched in December 2021 to free up time for the HR teams. The new AI channel providing automated responses has already logged 2,500 queries from staff.

Encouraging **agility** and **collaboration** to transform our organisations

People have been at the heart of our strategy at Cofidis Group for 40 years. And because we are convinced that **collaboration stimulates innovation**, we want our staff to feel comfortable in their teams and their entities. We also wish to see them progress and contribute to their performance. To achieve this, we **have to implement agile** ways of working, in our IT systems and in our receptiveness to others and to the world. We cannot transform our organisations unless we too become drivers in the transformation of our society.

OUR PERFORMANCE / **ENCOURAGING AGILITY AND COLLABORATION**

In **2021** we...

- **shared** and adjusted our products / p 32
- **transformed** our organisations / p 34
- **increased** our collaborative practices and collective intelligence / p 36

Click here to check out our agile and collaborative methods 2021 in pictures.

shared and adapted our products

Cofidis Group is fortunate enough to be a European player, thanks to the performance of its subsidiaries. We cannot grow faster unless we build on the collective strength of all our entities. In meeting all our evolving aspirations and expectations, we are fortunate enough to be able to seek inspiration in each of our subsidiaries, to share our know-how and to capitalise on all our experience to deliver targeted local and international responses.

Collaborative innovation accelerating performance

The ambition shared throughout our Group is to make people the focus of our concerns and thus our innovation. The quest for relationship excellence drives conversations with our customers and partners, and also among our staff. By sharing our skills and projects, our performance is championed through our synergies.

In business committee meetings held in the subsidiary to discuss company transformation or to consider cross-functional projects, staff in our Group are always asked to share their thoughts because we are convinced that collective intelligence is what drives innovation. The creation of the innovation community, which brings together the experts from all our entities on this subject, is a perfect example of the desire to share and discuss in order to produce new ideas.

Going forward, our global vision is to leverage our technological progress, market innovations and new working methods across all our subsidiaries. By acting together we can innovate while remaining true to our values.

Higher ceiling on personal loans

Cofidis Spain

Active listening to its customers' needs and wishes, plus a determination to continue improving the purchase experience has led Cofidis Spain to raise the ceiling on its personal loans to €60,000, enabling its customers to achieve their life projects.

Rolling out Cofidis Pay in Europe

Cofidis Belgium - Portugal - Czech Republic

While the Czech Republic has just adopted the solution, Portugal has broken the record with over €1 million in financing through Cofidis Pay in the very year the app was launched – it already has over 500 Portuguese users. Belgium has adapted the product to create Flex Cofidis Pay, a card-free revolving loan for e-commerce.

Cofidis Pay in Portugal:

+€1M **financing**

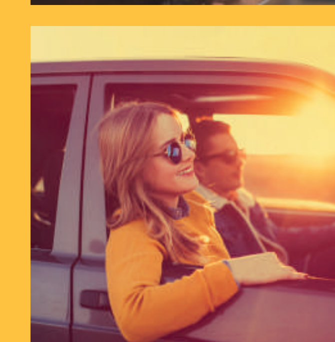
+300 **signed-up traders,** including new partners

+500 **users** already on the mobile app

Launch of PagoCREDIT

Cofidis Italy

On the back of its e-commerce innovations, Cofidis Italy has launched a revolving loan for retail partners delivered at a physical point of sale. Accessible from the SmartPOS, PagoCREDIT is available at two partners: Juice (Apple seller) and DIMO Euronics, one of the biggest players in the large-scale distribution of hi-fi equipment in northern Italy. It is a credit solution that encourages repeat purchases and monitors product lifecycles.



New departure for earmarked car loans

Cofidis Belgium

Cofidis Belgium's new direct sale-only car loan is making sales between private individuals easier. It will soon be complemented by a package of differentiating services: pre-purchase car condition report, 12-month breakdown cover and secure payment via Mango Pay.

Focus on...

The Amazon credit pathway

working together to develop a global partnership.

amazon

To build and develop a partnership with the global giant Amazon, our French, Italian and Spanish subsidiaries have worked together on the Amazon Pay credit pathway to implement new project governance. By joining up with the France and Spanish entities in 2021, Cofidis Italy cleared the way for new pathway ergonomics: Mobile First, 80% shared by the three entities.

Agility means more than investing in this project, which is enabling our subsidiaries to move forward together to meet their partner's requirements, to deploy solutions according to each country's timetable and potential and to share the profits.

"The success of the project is down to agility combined with a lot of solidarity and generosity within the company."

Annabelle DEVAUX

Project Head
Cofidis France

transformed our organisations

In meeting our challenges, our boldness to always go further and do better is one of our Group's strong values. Transformation, whether organisational, cultural or business is a daily necessity if we are to meet the demands of a market that is being buffeted by crises and by the social, societal and environmental changes they cause. Our Experience FIRST business plan is also pushing us to keep challenging ourselves to deliver the best experience to all our stakeholders at all times.

Pursuing transformation to reinvent ourselves together

The crisis we are just coming out of has accelerated our transformation. By remaining true to who we are and maintaining focus on our vision and our ambitions, we have introduced new methods, new tools and new ways of organising our teams in order to reinvent ourselves. Our companies must transform themselves and all our subsidiaries have thrown themselves into ambitious actions with business plans such as *Ensemble +* at Cofidis France, *Innovision 2027* at Creatis and *Ensemble, avant tout* at Monabanq.

This approach to transformation is only possible if we make the most of everyone's talents, putting people at the centre of our actions and helping our stakeholders with their own transformations. The success of our individual and collective transformations depends on us pulling and acting together.

CREATIS LAB' 2.0

CREATIS LAB

Creatis

Creatis LAB: spotlight on intrapreneurship This involves two steps: the generation of ideas based on collective intelligence, followed by a feasibility study by volunteer staff who are the project leads. From the many topics on offer in 2021, the Management Committee selected two that have now emerged: a customer chat feature and a new onboarding path for new employees.

Focus on...

The Flex Office pilot

Co-developing transformation.

The teleworking imposed by the pandemic has led to new ways of thinking about in-office work. With this in mind, since October 2021, Cofidis France has run a pilot. There are four stages to the pilot: co-development of macro-zoning together with staff (space management vs. usage), more detailed micro-zoning, supporting workshops, then production of flexi-office user instructions.

"We're experimenting with new types of organisation to support the transformation of the Group."

Jean-Marie MASQUELEZ

Head of Innovation and Development Projects
Cofidis France

The principle: 1 workstation per 2 employees, made possible by a combination of teleworking and management of the reduced working week (RTT) and leave.
The space saved is then allocated for other uses: meetings, co-working, library, work cafe, etc.

Central to both cultural and organisational transformation, the pilot has been approved by 91% of our staff, in the last survey.

The Innolab innovation hub

Cofidis Spain

Innolab helps launch innovative ideas within and outside the company by providing a pilot space for accelerating and testing innovative products and services. In 2021 Innolab supported start-ups such as Paymefy and Talkual and has continued its #FutureMakers work with projects for the start-ups Shopiendo and Amfibium.

The continuous, collaborative improvement plan

Monabanq

Ensuring everyone in the company has a role to play in the change is the objective proposed by employees for the business plan, which is supported by our Management Committee. The principle is to allow staff to escalate problems to a 21-person team who will work together to find concrete solutions.

Team Starter

Cofidis France

To encourage intrapreneurship, Cofidis France launched Team Starter at end-2020. This is an internal crowdfunding platform that allows employees to suggest ideas for projects and to vote for those they would like to see implemented. 21 projects have already been funded at a cost of over €27k on improving environmental protection and enhancing the employee and customer experiences.

The new business plan: SyHo Group First

Synergie

In the last three years, the role of SyHo has evolved and both its managers and employees have stated their ambition to update its business plan. SyHo is involved not only in Experience FIRST but also in using the Group's collective strength to foster collaboration between subsidiaries. By pressing ahead with collaborative innovation, SyHo is challenging subsidiaries to accelerate the transformation of the Group.

increased our collaborative practices and our collective intelligence

Acceleration relies on our combined strengths. We need to encourage collaboration within our Group by sharing skills and knowledge, by interacting, and through social links if we are to develop our collective intelligence. All Group employees are drivers of our brand projects.

Collective performance boosted by an innovative ecosystem

The pandemic could have put even more distance between our teams and our European subsidiaries. However, we managed to maintain close links with all our staff thanks to new communication technologies. As such, we were able to organise remote meetings of cross-functional committees to give our different businesses the benefit of the expertise, experience and solutions developed by other subsidiaries. To step up our collective performance, we create the conditions in which staff can suggest ideas and projects to help others and can spend time on them.

In addition to sharing the Group's innovation capabilities, we also encourage our ecosystem to create and develop new solutions for our customers, partners and staff. We are building a win-win relationship – founded upon discussions and sharing – with tomorrow's players, namely students and start-ups.

Overhaul of the mobile credit UX for Amazon

Cofidis France – Italy - Spain

An international, community project rethinking the ergonomics of the Amazon pathway to make it Mobile First and 80% shared by the three France, Italy and Spain subsidiaries. A new, agile and supportive experience to meet our partner requirements. Between April and July 2021, our three subsidiaries rolled out their new pathway, on the back of 400 hours in meetings and 7,500 emails!

Focus on...

Facilitation workshops

and an on-campusfacilitator community.

Facilitating is not the same as organising. This is what over 140 staff discovered during a webinar. Facilitation is a neutral approach that lets collective intelligence operate through the free generation of ideas with an objective set by the sponsor.

A facilitator is a trained employee who is acting on behalf of others in connection with subjects with which they have no association and possibly not even in their own company. For this reason, Cofidis France, Creatis, Synergie and Monabanq have created a community of facilitators that is now beginning to be used for specific purposes.

Facilitation training will soon be insourced and open to all staff seeking to improve their coordination skills or to progress further with facilitation itself.

"Our facilitator community serves the companies in the Cofidis Group by organising workshops and promoting collective intelligence through their neutral and supportive approaches."

Jean-Dimitri DEWAVRIN

Coach and transformation facilitator
Cofidis France

Marketing campaigns Adobe Campaign

Cofidis Belgium - Spain, Monabanq

At end-2021 Cofidis Belgium, Monabanq and Cofidis Spain selected a new tool for automating the targeting and management of marketing campaigns: Adobe Campaign. This is a shared wide-scale project for co-creating cross-channel customer experiences.

Training in NVC (non-violent communication)

Cofidis Belgium - France

As an essential preliminary to collective intelligence, at Cofidis Belgium and Cofidis France, personal staff development includes training in non-violent communication to develop a feedback culture. This provides everything needed for applying and testing the principles of the method.

Learning co-development methods

Cofidis France, Creatis

Cofidis France and Creatis practice co-development in the transformation of their management teams. Trained facilitators take teams of managers to develop synergies within their teams.

A+1: Initial assessment of HR sessions

Cofidis Group

HR sessions place 80 staff and managers from the Group HR Department in a participative innovation, design thinking setting to devise projects on the subject of 'The best HR department in the universe'. 2021 results: 14 leaders for 10 active UX Design projects, and new requirements identified for improvement purposes (time dedicated, coaches, user and decision-maker pool, creative sessions, etc.).

Strengthening our CSR approach to **make our commitments more sustainable**

Cofidis Group builds and develops its commitments based on social utility and impact. Our social, **societal and environmental responsibility** is reflected daily in the involvement of our teams to foster diversity and inclusion and to help the most vulnerable as well as in their desire to reduce the environmental impacts of our activities. Similarly, on a par with our governance mobilisation to "pull together", we take great care of our committed employees with our clear Quality of Life at Work policy to bolster their pride in belonging and contributing to Group performance.

A word from employees

on combatting exclusion

TEREZA
COFIDIS CZECH REPUBLIC

Whatever the reason, be it financial, cultural or health-related, the issue of social exclusion is one which resonates most with us here in the Czech Republic, owing to our area of business. Within the framework of the #LIKE group approach, employees wanted to provide support to children in orphanages to "Give kids a chance", long-term. Providing support to young adults who are continuing their studies, offering them down-time for fun... That made a lot of sense for our employees who put their heart and soul into making their dreams come true.

our ethics

NELLY
MONABANQ

Having customer intelligence means being there when and how it matters, whenever the customer needs you. Our customers need to feel that we are looking after them: that they are being heard, understood and that we are doing everything we can to find the answers/solutions to their requests. They must feel they are being treated with consideration and respect and this applies to all communication channels.

on our environmental commitment

STÉPHANIE
COFIDIS BELGIUM

At Cofidis, you will find a genuine desire to reduce our environmental impact. In this spirit, our Management Committee decided to finance the installation of 2,000 PV panels on the roof of our building. Working in a building which produces solar power means belonging to a company that contributes to green energy production.

for quality of life at work

RENATA
COFIDIS POLAND

Despite the uncertainties sparked by the health crisis, our company managed to maintain its sense of safety and stability, notably by rolling out hybrid working methods. This model enabled me to better juggle my daily commitments as an employee with my role as a mother.

on our actions to promote diversity

NATHALIE
CAMPUS FRANCE

I received my chair adapted to my disability at my home address. Thanks to this personalised support, I will be able to work from home under excellent conditions. I am delighted to be part of a group that takes such care to respect the differences of its employees.

being useful to the world

As part of our responsible approach, we design and imagine products and services which can improve and simplify people's lives. In all Group companies, we provide financial solutions to boost spending power and, as a direct consequence, to empower everyone to take action. Our business, in the service of regulated financing of households, has a positive impact on the lives of our customers who we support on a daily basis.

Consumer credit: a driver of the economy and social integration

Faced with urgent needs, unexpected purchases, consumer credit is a system of deferred payment, which enables households to take advantage of a product or service at the most useful time in life, without having to wait until savings build up enough to reach the required amount.

Even though consumer credit is two times less popular in continental Europe than in the US or in the UK, it is nevertheless an alternative for 72% of European households (MixFactory report for Younited). Mainly, it favours personal mobility (buying a car, for instance), improves household equipment ownership and comfort but also can meet a temporary need owing to an unexpected or urgent situation.

"It is great to be able to count on people like you. You enable so many of us to improve our daily lives and in a simpler and fairer way than traditional banks. Your services are truly attractive, we would like to thank you for all the effort you put in for us."

Customer - Cofidis France

"This relationship of trust which we have, your responsiveness to requests as well as the attentiveness of your customer advisers are all key to the daily management of my budget."

Customer - Cofidis Spain

A financing solution for life projects

Consumer credit is a driver of useful and necessary household consumption, on a par with property loans: together, they are the main types of loans used by private individuals.

Consumer credit mainly funds sustainable projects linked to lifestyle or living conditions: renovation work, major household appliances, and general consumer spending, albeit less frequently. In this way, this financing system contributes to economic growth in both developed and emerging countries by boosting the purchasing power of millions of households.

Cofidis Group, a useful player in its ecosystem

Because consumer credit is our core historical business, we are keenly aware of the fundamental utility of our products and services for households, and in turn, the economies of the nine countries where we operate. Beyond this direct positive societal impact, we also contribute to improving and boosting the situation for all players in our ecosystem.

We are proud to be able to act in favour:

- **of our customers**, by supporting consumption with financing solutions;
- **of our employees**, enabling them to enjoy a fulfilling and exciting human experience;
- **of our B2B partners**, enabling them to perform;
- **of our charitable and association partners**, supporting them through concrete actions and financial aid;
- **of our shareholders** , by representing Cofidis Group at the Fondation du Crédit Mutuel Alliance Fédérale and with our involvement in choosing the projects supported by the Foundation;
- **of society**, by assisting those experiencing difficulties with educational measures designed to help them manage their budgets.

"Thanks for being there for me. Particularly since retirement, otherwise I don't know where I would be. Thanks to you, I think I will be able to manage to recover. Many thanks!"

Customer - Cofidis Hungary

"I would like to thank you very much for accepting my credit repurchase. Thanks to you, financially things are much better. Thank you again."

Customer - Cofidis Portugal

2/3
cars
bought on credit

9 million
French people have consumer credit loans (according to the Ministry of the Economy, Finance and the Recovery)

"It is thanks to socially responsible companies like yours that we can make progress."

Association Le Coaching Suspendu

conducting our business in an ethical and responsible way

The businesses carried out by the entities of the Cofidis Group: loans as banking solutions are intended to defend the consumer rights of our customers, helping them to carry out both their personal and professional projects. Aware of our usefulness on a daily basis, we must promote our expertise in a fundamentally ethical and respectful way with our customers, to protect them from risky situations.

No one is immune to a life incident or accident. We have reaffirmed our responsible commitment in an endeavour to support our vulnerable customers: most of the Group's brands have specialist, trained teams to assist our customers facing difficulties, with their unique differences and their specific needs.

Tackling over-indebtedness to protect consumers

At Cofidis Group, we are all on the consumer's side and want to support our customers daily to enable them to fulfil their dreams, offering them credit solutions or payment schedules adapted to their unique situations, above all in a responsible way. In a post-Covid world of economic recovery to which we should all contribute, we are committed to tackling over-indebtedness through advanced monitoring of the merits and solvency of customers. We responsibly provide our consumer credit expertise, striking the right balance to enable those who wish to obtain financing that they are able to repay.

According to a report from the French household credit observatory, published by TNS Sofres end-2020, 89% of people with consumer loans feel comfortable with their repayment schedules. We are committed to a healthy approach to new loan production in line with current societal concerns. It is in this respect and in a similar vein that we are lobbying for a "positive file" which would enable national availability of information regarding borrowers, always with the ethical approach that dictates all of our actions.

10%
only loan requests filed in France by customers known by our services are accepted

3/4
of over-indebtedness cases are linked to life accidents

Focus on...

Solidarity-based solutions from Creatis

to support customers in complex situations.

The occurrence of a disability or the consequences of a long illness are part of the unexpected situations faced by our customers, which often create financial difficulties for them. Creatis, Cofidis and all of our employees have human relations encoded in their DNA and take pride in helping and supporting their customers at all stages of their lives. For this reason, our solidarity-based solutions were created.

Proactive customer advisers who are specially trained personally identify and respond to each situation, providing adapted products and processes with specific offerings (deferred payments, preferential rate personal loans, credit renegotiation).

"This range of solutions is a personal and responsible approach to all of our customers: an initiative we deeply care about since it is directly aligned with our values."

Stéphan LACOSTE
Director of the Customer Experience
Creatis

Budget management with the Dilemme® game

Cofidis France

Designed by Crésus®, Dilemme® is a fun and educational programme on finances and budgeting. Cofidis France chose this educational tool to raise awareness with the *Ecole de la 2ème chance* (Second chance school) students, to mentor them in managing their budget and has added it to the training programme of its new employees.

Partnership with the Crésus Federation

CRÉSUS®

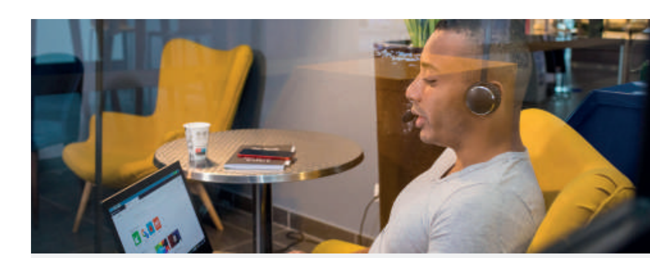
Cofidis France, Creatis, Monabanq

The Crésus Federation is made up of a independent associations committed to the fight against over-indebtedness and recognised for their public usefulness. In 2021, to support our customers who face payment difficulties, Creatis and Monobanq continued their partnership with Crésus while Cofidis France renewed its financial sponsor role. As a result, our French entities contribute to more efficient and enhanced prevention.

Podcast "Dicas by Contas Connosco"

Cofidis Portugal

Following the success of its blog, Contas Connosco, which supports Portuguese people in the management of their finances, Cofidis Portugal diversified its formats and distribution channels, launching the "Dicas by Contas Connosco" podcast. Available on Spotify, each bimonthly episode targets a younger customer base, offering advice on how to manage money.



The ACO support sector

Cofidis France

"Solutions can be found through discussions and advice!" That's the motto of the ACO Department, the acronym for A COnseiller. A new sector for Cofidis France was created for customers in vulnerable situations or facing risk but who have not yet defaulted on their payments. Their purpose? To help customers manage the difficulties they face by offering them personalised solutions.

WE ARE COMMITTED TO

acting in favour of diversity

With strong human values and as a champion of equal opportunities, Cofidis Group has been committed to fostering diversity for decades, which involves respecting differences, whatever they may be. From 2010, Cofidis France signed a diversity charter, which then led to the designation of a group diversity affairs contact in 2012, and in 2016 appointed a dedicated contact in each of its entities for matters relating to disabilities. As underlined by the Cofidis Group HR Director, Thierry Vittu, "the diversity of Cofidis Group reflects human and cultural wealth that ensure our Group's success."

A women's cycling team

Cofidis Group

In 2021, Cofidis announced the creation of its women's cycling team, the logical next step for the Group which now employs close to 70% women! In 2022, 10 women make up a united team to fly our brand's colours high.

Promoting diversity: an individual and collective approach

Whether through diversity, women's rights, or permanent and temporary disabilities, both slight and severe, Cofidis Group continues to spearhead a number of on-the-ground initiatives to defend the right to be different for both its employees and its customers.

In 2021, we stepped up our disabled-friendly strategy which is completely in line with our inclusive #LIKE approach. For our customers, the DeafiLine solution makes our services accessible to the deaf and hard of hearing. For our employees, we promote the inclusion of people with disabilities and support them in adapting their work stations to their needs. This is a real-life illustration of our ambition to act in favour of human capital, to promote a wide range of profiles and ensure fair treatment for all.

Click here to check out our "cliché clash" commitments in pictures.

20
nationalities represented at the Group's campus in France

Focus on...

Disability week

To raise awareness about professional integration of people with disabilities.

During the European Week for the Employment of People with Disabilities, the French subsidiaries of the Cofidis Group staged an **awareness campaign** for employees and managers but also for disabled people seeking employment.

Filled with special and supportive moments of discovery, sporting encounters focused on cohesion and helping others. Such days reflect the values of our #LIKE initiative and the Group's ambition to be disabled-friendly.

"The important thing in these awareness initiatives, is to be able, once again, to demonstrate that difference is a key strength. To work as a team, our skills need to be complementary. This can only be achieved by promoting difference."

Armelle KERAUTRET
HR Project Manager
SynerGIE

+100
employees with disabilities at the Group's campus in France

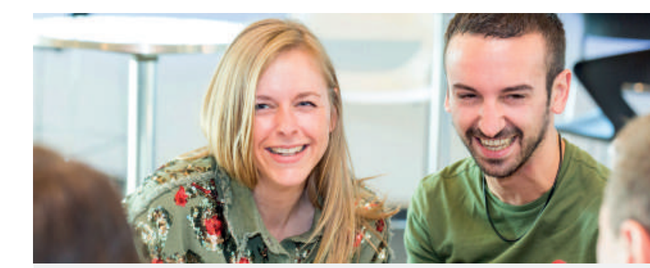
4,800
translations into sign language for our customer advisor/ customer conversations

INCLUSIVE WEEK'2021

Cofidis Inclusive Week

Cofidis Portugal

In June 2021, Cofidis Portugal launched the first edition of its Inclusive Week: a webinar think-tank on the challenges of integrating people with disabilities and training for disabled people seeking employment. An internal/external win/win initiative.



Diversity is not a cliché

Creatis, SynerGIE, Cofidis France - Spain

Cofidis France, Synergie and Creatis report a gender balance score of more than 94/100, a testament to the efforts of the Group and its teams to make diversity a reality for the well-being of its staff and the performance of its subsidiaries. In Spain, no figures were reported but we can note that 60% of executives are women.

From cycling to disabled sport

Cofidis Group

The para-cycling section of the Cofidis cycling team outperformed in 2021, paving the way for the Paris Paralympic Games, while Cofidis Portugal became the sponsor of the World Paracycling Championships. These sponsoring efforts further underline the Group's commitment to inclusion.

promoting inclusion

Combatting exclusion is one of the priority commitments that the Cofidis Group has made to its customers, its teams, and society. Thanks to the active participation of employees as part of our #LIKE approach and the numerous association partnerships of each of its subsidiaries, the Group commits, acts and makes inclusion a driver of its performance as well as its CSR approach.

Plan Jeunes (the Youth plan)

Cofidis France, Creatis, Monabanq, SynerGIE

In 2021, as part of the Group's *Plan Jeunes*, the four French entities – Cofidis France, Monabanq, Creatis and Synergie – committed to recruiting 300 young people: a target that was reached and even exceeded! 333 young people signed up for work/study contracts, summer jobs, internships and fixed-term contracts.

We support solidarity-based initiatives in favour of people suffering from exclusion

Within the Group, solidarity-based initiatives are widespread and an integral part of the daily lives of all of our subsidiaries. In this spirit, we developed our #LIKE approach to enable everyone to be true to the strong human values of diversity and inclusion, for our employees, our customers as well as our partners. This approach is structured into the following focus areas:

- #1 Optimising our products and services to make life easier for those suffering exclusion.
- #2 Promoting a human resources policy based on equal opportunities and diversity.
- #3 Providing access to the Group's businesses for people excluded from the jobs market.
- #4 Forging partnerships with charities and associations and developing skills sponsoring to ensure our business expertise serves our communities.
- #5 Paying close attention to employees facing difficulties.

Click here to check out our #LIKE initiatives in pictures.

L'École de la 2ème chance
(the Second Chance school) in the Lille area
to support young people with difficulties finding employment

Cofidis France has partnered up with the E2C school in the city of Lille which offers unqualified young people training to facilitate their inclusion in working life. In 2021, the mobilisation of Cofidis France employees enabled us to hold awareness workshops on budget management and welcoming interns. Similarly, the Cofidis E2C advertising campaign enabled the financing of 240 intern days!

Support for paediatric research

Cofidis Spain

For the 5th consecutive year, the mobilisation of employees at Cofidis Spain led to a major donation to support research into childhood cancers at the San Joan de Déu hospital in Barcelona. In 2021, the donation specifically funded leukaemia research.

Solfa
SOLidarité Femmes Accueil

Commitments in favour of women's rights

Synergie

To support the Solfa association (SOLidarité Femmes Accueil), Synergie employees enabled women victims of domestic violence to be welcomed with their children in emergency shelters and to enable them to benefit from a few relaxing leisure activities.

Focus on...

the Future makers inclusion programme
to increase employability and create jobs.

FUTURE MAKERS by Cofidis

With its new Future Makers programme which is part of the Group's #LIKE approach, Cofidis Spain enables employees to make their expertise available to job seekers, young people and businesses to facilitate access to the jobs market.

This programme is based on several collaboration priorities:

- Training workshops for people suffering from exclusion (e.g., recruitment interview techniques)
- A Welcome Talent Programme, enabling tutored interns to complete a project at Cofidis Spain. 30 interns took part in 2021.
- Collaboration with start-up entrepreneurs who can benefit from access to the Innolab test labs and the support of Cofidis experts.

This programme was offered to all employees of the subsidiary from April 2021.

"With Future Makers, our expertise is used to serve the community, to support employability and to boost the local economy."

Marian ABRINES
Culture and Learning technician
Cofidis Spain

taking care of our teams

"People are the key to our success: they are our inspiration and driving force." This is how Gilles Sauret, Chairman at Cofidis Group, underlines how our teams are at the heart of our actions and decisions.

An enriching and motivating employee experience thanks to symmetry of attention

At Cofidis Group, because we are convinced that only happy employees can make customers happy, we prioritise the physical and mental well-being of all our staff. We are keen to enable our employees to work in welcoming and inspiring environments, but also to take care of them in all areas of their daily lives to promote their well-being.

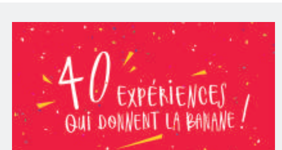
We also know that a fulfilled employee in the workplace within one of the Cofidis Group entities will be the best ambassador of our brands. If we look after our employees, they will look after our companies, and uphold our CSR values as is the case with our #LIKE and #LikeMyPlanet approaches.

This commitment to symmetry of attention rallies our employees to the cause of greater aspirations. This two-way active listening to their needs today will naturally boost the appeal of our employer brands in France and internationally.

The "Happy Trainees" label

Cofidis France, Creatis, Monabanq, Synergie

From the very first time they participated, the 4 French entities were assigned 4^{th} place in the Happy Trainees 2022 ranking which measures students' perception of the companies that welcome them. Impressive recognition from our interns and work-study students who reaffirm our high standards in terms of including young people within our organisation.



Collaborative experiences that "bring a smile to all"

Cofidis France - Belgium

Whether to celebrate the 40-year anniversary of Cofidis France or to discover exceptional shared moments together at Cofidis Belgium, a proposal was made to employees: choose an exceptional experience to enjoy and share, from a broad, varied choice of unique options. Human experiences above all, which inspire your emotions and create lasting memories.

Focus on...

The subsidiaries popular with our employees throughout Europe

Best Workplaces

- **Cofidis France:** 5^{th} ranked Best Workplace 2022
- **Monabanq:** 28^{th} ranked Best Workplace 2022

Great Place To Work

- **Cofidis Spain:** Certified for the 1^{st} time
- **Synergie:** Certified for the 1^{st} time
- **Cofidis Italy:** Certified for the 4^{th} year in a row
- **Cofidis Belgium:** Certified for the 5^{th} year in a row
- **Cofidis Hungary:** Certified for the 2^{nd} year in a row
- **Cofidis Slovakia:** Certified for the 1^{st} time
- **Cofidis Czech Republic:** Certified for the 3^{rd} year in a row

Eco-responsible and collaborative premises

Cofidis France-Slovakia-Portugal

Within the Group, quality of life at work also means being eco-responsible in the workplace. At Cofidis Portugal, the Natura Towers building optimises resources with green energies and recycled water. Meanwhile, the Campus France premises have gradually been modernised and refurbished to enable changes to collaborative work methods and the new Cofidis Slovakia offices are more secure and more focused on optimising consumption.

A zero interest rate loan

Cofidis France, Creatis, Monabanq, Synergie

As part of its inclusive #LIKE approach, in June 2021, the French subsidiaries rolled out a zero interest rate loan for their employees facing difficulties as a result of the health crisis. Another welcome example of the consideration we have for the well-being, financial in this case, of the employees in our Group.

Muses for the Employer Brand

Cofidis France

Cofidis France renewed its Employer Brand campaign with 10 new smiling faces of employees who embody our businesses, our values and our corporate culture. Cofidis France enables anyone working with us to become the next ambassador of "the workplace that makes the difference".

The weekly chronicle "It's ultimate customer feedback time!"

Cofidis Belgium

At Cofidis Belgium, customers highlight employee feedback thanks to a weekly chronicle shared in-house: "It's ultimate customer feedback time": is a compilation of positive customer feedback which contributes to improving the employee experience.

Webinar on mental health

Cofidis Czech Republic

To remain attentive to the needs of its employees, in 2021, Cofidis Czech Republic organised an online webinar involving interactive discussions on mental health. It was an opportunity for everyone to review their psychological health having experienced the difficult months of the health crisis.

contributing to a better and more sustainable future for all

On a par with the #LIKE approach, #LikeMyPlanet supports employees so that they are and remain genuinely involved in the change process, contributing to the energy and ecological transition.

In less than 2 years, we doubled down on our initiatives throughout Europe on themes that are equally inspiring and diverse, including: **sustainable mobility, reforestation, zero waste, selective recycling, zero plastics, green energy and digital sobriety.**

Impressive achievements that are part of our desire to shape a better and more sustainable future for all.

Click here to check out our #LikeMyPlanet initiatives in pictures.

PV cells for green energy

Cofidis Belgium

To reduce its carbon footprint significantly, Cofidis Belgium decided to produce its own green energy with the installation of 2,000 PV cells on its roofs. In this way, the subsidiary is participating in the Group's target of reducing its carbon footprint by 30% by 2025.

Daily sustainable mobility

Creatis, France-Italy-Portugal

"The sustainable mobility rate" in France, a Mobility Management project built around the Home Work Travel plan from Cofidis Italy, training in eco-friendly driving at Creatis, learning how to ride a bike at Cofidis Portugal. All of these initiatives were ideal opportunities to encourage our employees to opt for more responsible ways of travelling.

Committed to zero plastics

Cofidis Group

The "zero plastic in the oceans" conference organised by the founder of The SeaCleaners, Yvan Bourgnon, heralded the kick-off of a new commitment in favour of zero plastics. The conference was available for viewing via live video steam or on replay for all employees in March 2022.

Focus on...

The Cofidis forests thanks to the Group challenge

to contribute to the development of carbon sinks.

In September 2021, all of our Group employees were involved in the #LikeMyPlant challenge in favour of reforestation. In partnership with ReforestAction, employees were invited to count their steps on the United Heroes app' and rise to the eco-responsible challenge of planting a maximum number of trees in forests close to the locations of our 12 subsidiaries in Europe. Thanks to these efforts, more than 5,000 trees were planted in spring 2022 in the "Cofidis forests", enabling us to offset the Group's carbon footprint to the extent of 789 tonnes of CO2.

The best contributors, the employees from Cofidis Slovakia, won a day of eco-responsible team building which brought them together in April 2022 to plant no less than 260 tress and discover the ecological impact of an entire forest!

93.4%
of employees say they are concerned about the environment

5,249
trees planted thanks to the #LikeMyPlanet challenge with ReforestAction

789
tonnes of CO2 offset by the Cofidis forests

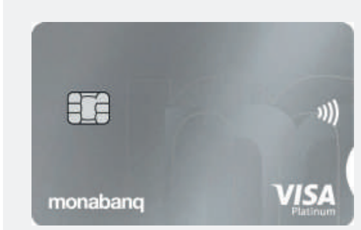
"We returned home full of the enthusiasm and joy to have learned so much from this worthwhile activity and to have been able to help reforest our beautiful planet"

Zuzana MINNS
HR Specialist
Cofidis Slovakia

Ecological advertising frescos

Cofidis Belgium

As well as adding a touch of colour to city life and to enhance our brand image, the 650 m² of mural frescos for the new Cofidis Belgium campaign are also eco-friendly. These temporary works of art, created by talented street artists, purify the surrounding air! 1m² of frescos is the equivalent of one tree breathing...



Eco-responsible Visa cards

Monabanq

The new Monabanq credit cards are 85.5% made from recycled materials, and are available without any income eligibility conditions. With new designs also suitable for the visually impaired, the cards reflect the identity and the responsible values of our brand.

Goodies more respectful of nature

Team Cofidis/Cofidis France

The Tour de France does not have a carbon-neutral footprint. In 2022, Cofidis decided to further reduce the amount of goodies distributed and favoured recycled made-in-Europe production to contribute to the reduction of the carbon footprint of its goodies.

become a mission-based company

Becoming a mission-based company will enable us to affirm our ambition to reconcile economic performance with social, societal and environmental concerns. Faced with a range of challenges, our company must position itself as a genuine force for change to contribute to the well-being of society at large. Cofidis Group has made the decision to adopt this approach to strengthen its CSR commitments and be even more useful in the world we live in.

Rethinking the role of companies in society

The status of mission-based company is governed by the French PACTE law (action plan for growth and transformation of companies) adopted in 2019. Above all, this approach enables a company to affirm its purpose by integrating its clear and sustainable social and environmental ambitions in its bylaws within the framework of its area of business.

A force for change

The concept of mission-based company translates the desire of companies to go beyond economic performance to take account of the social, societal and environmental impacts of their businesses. Becoming a mission-based company is an approach that makes sense for the activities operated by our companies by bringing teams together to leverage transformation. A mission-based company enacts change in a collaborative manner.

A voluntary approach from Cofidis Group

Becoming a mission-based company is a pioneering approach and a conviction shared by all of our Group, aligned with our Expérience FIRST strategic plan. It will help us to stand out from the competition and provide a concrete solution to the increasingly exacting requirements of our stakeholders, whether it is our customers, partners, or employees but also the expectations of society.

We are certain that, in the end, a company is not just about economic and finance. It is for this reason that we make and comply with strong commitments to our ecosystem.

The social, societal and environmental aspects are already an integral part of our culture and strongly embedded within our DNA. Being a mission-based company is merely the logical extension of who we are and what we do.

2 out of 3 French people

believe that companies have the power to improve the world in which we live. For under 35s, 70% share this view

(ELAB 2020 survey for the *Institut de l'Entreprise* or Company Insititute).

Mobilising our governance

Supported and inspired by our shareholder, Crédit Mutuel Alliance Fédérale, our Group proudly expresses its desire to contribute to the transition of our economies towards more inclusive and sustainable development with our plans to move to mission-based status for our company by 2023.

"Our Group does not just have an economic purpose. It also has a key role to play in our ecosystem."

Gilles SAURET

Cofidis Group strengthens its social and environmental commitments

The commitment themes of a mission-based company are already established in the actions of our companies. The idea is to go further, faster, by supporting our employees in this transformation. Adopting a mission-based approach will push us to ask the right questions, to accelerate our transformation, and all this in a collaborative way so that everyone is involved in the projects.

3 questions for Gilles SAURET

What does the status of a mission-based company mean for the Cofidis Group?

From the outset, our Group introduced several initiatives in terms of social, societal and environmental protection. Therefore, it was totally natural for us to adopt this approach. With the Executive Committee and the Group Management Committees, we worked on defining our missions, the related commitments they entail and, of course, numerical indicators to confirm the proof of our commitments. Signing up as a mission-based company reflects the Group's desire to set an ambitious target for achievement.

How is a mission-based company positioned with respect to projects already initiated by the Group?

Because we are useful to the economy wherever we are located, we operate our business with pride, honestly and responsibly. True to this vision, all of our actions are complementary.

#LIKE and #LikeMyPlanet are collective approaches that are key examples of our CSR policy. Our Experience FIRST project is the link between all of our subsidiaries. Lastly, our mission-based company status represents a firm commitment for us. It will change and impact our governance and then focus our choices, giving meaning to our actions and our decisions and will enable our endeavours and even our core businesses to evolve.

How are we going to move towards this new status?

With the Executive Committee, we wanted to simply consult the different stakeholders. Via a collaborative approach, we therefore surveyed our 5,500 employees with a questionnaire, so they could express their ideas on the status of mission-based company. We also consulted our customers and our partners to build this project together.

Onward and upward to 2023...

Our majority shareholder, Credit Mutuel Alliance Fédérale, began this approach from 2020 to become the first mission-based bank. We have now embarked on this approach, strengthened by sharing our purpose of "Together, Listening and Acting". 2022 will be the year when we complete our work on these commitments and define our performance measures: KPIs (key performance indicators) defined by the Group's different management committees. We aim to become a mission-based company in 2023!

The Executive Committee of Cofidis Group

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

Operational management and international contacts

Luc-Bertrand Salus
General Manager
Cofidis Spain

Nicolas Wallaert*
General Manager
Cofidis France

Alain Colin
General Manager
Monabanq

Corporate management

Vincent Laurin*
Chief Financial, Risk and Legal Officer

Céline Motte
Head of Development and Customer Experience

Thierry Vittu*
Director, Human Resources and Communication

Supervisory Board

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

Alexandre Saada
Vice-Chairman of the Supervisory Board

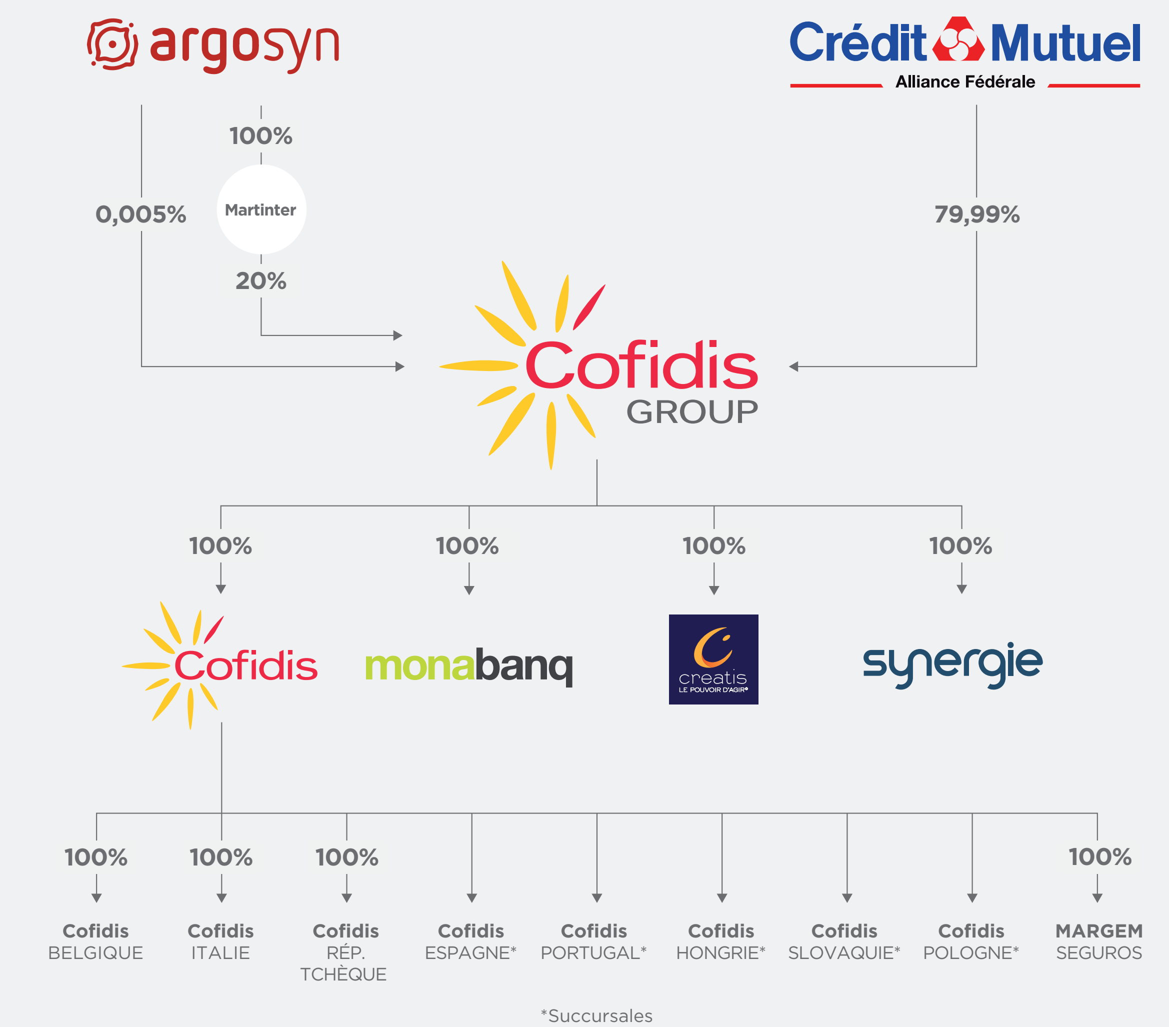
Denis Terrien
Non-voting member

Isabelle Chevelard
Béatrice Defosse
Pascal Laugel
Hugues Desurmont
Florence Desmis

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

*Members of the Management Board

Overview of Cofidis Group governance



synergie est un Groupement Européen d'Intérêt Économique dont les membres sont Cofidis S.A., Monabanq, Creatis, Cofidis Belgique, CCS et Floa Bank.

Two strong shareholders

argosyn

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

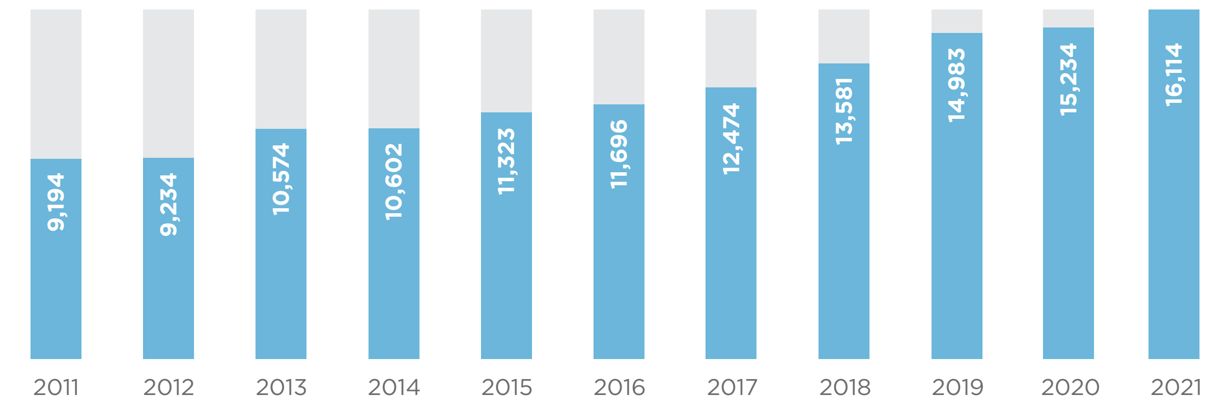
Crédit Mutuel Alliance Fédérale

With more than 75,000 employees, more than 29 million customers, and faced with the economic and social upheavals anticipated as a result of the crisis, Crédit Mutuel Alliance Fédérale reaffirms its position as a shared resources bank committed to the environment and society. It became the leading mission-driven bank in 2020.

Consolidated financial statements

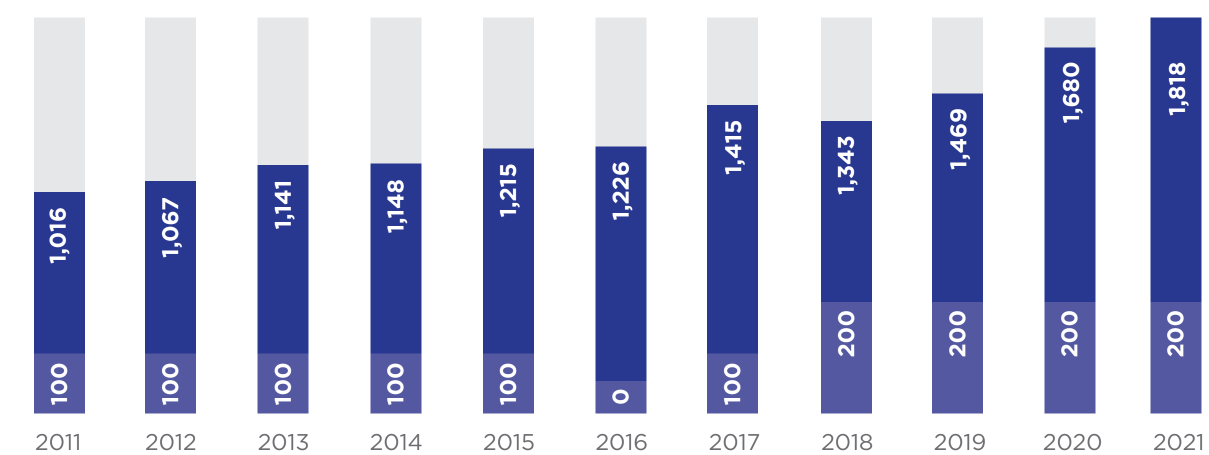
31 December 2021

Gross Outstanding Amounts in €M

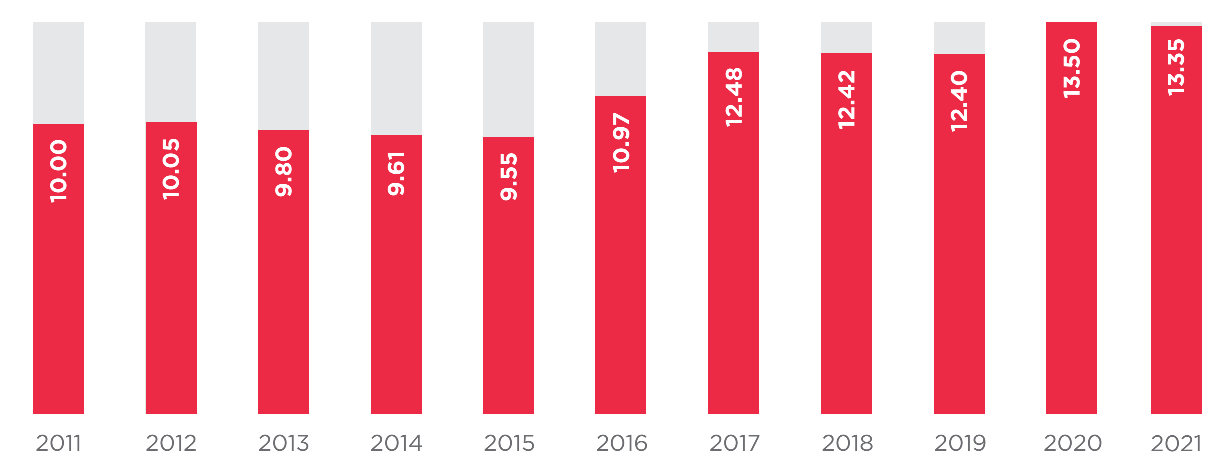


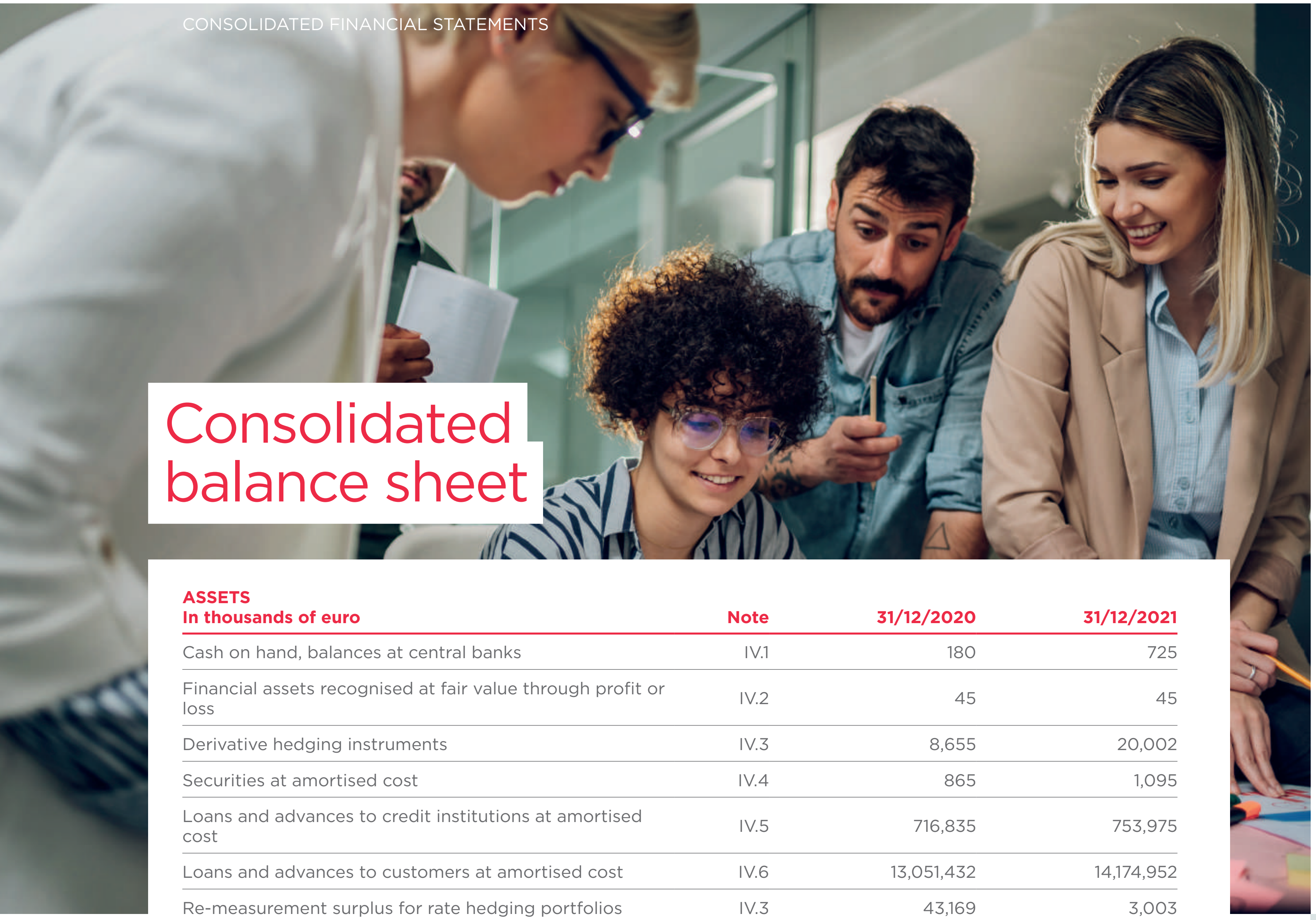
Shareholders' Equity (excluding retained earnings)

SUBORDINATED DEBT



CET 1 Capital Adequacy Ratio in %

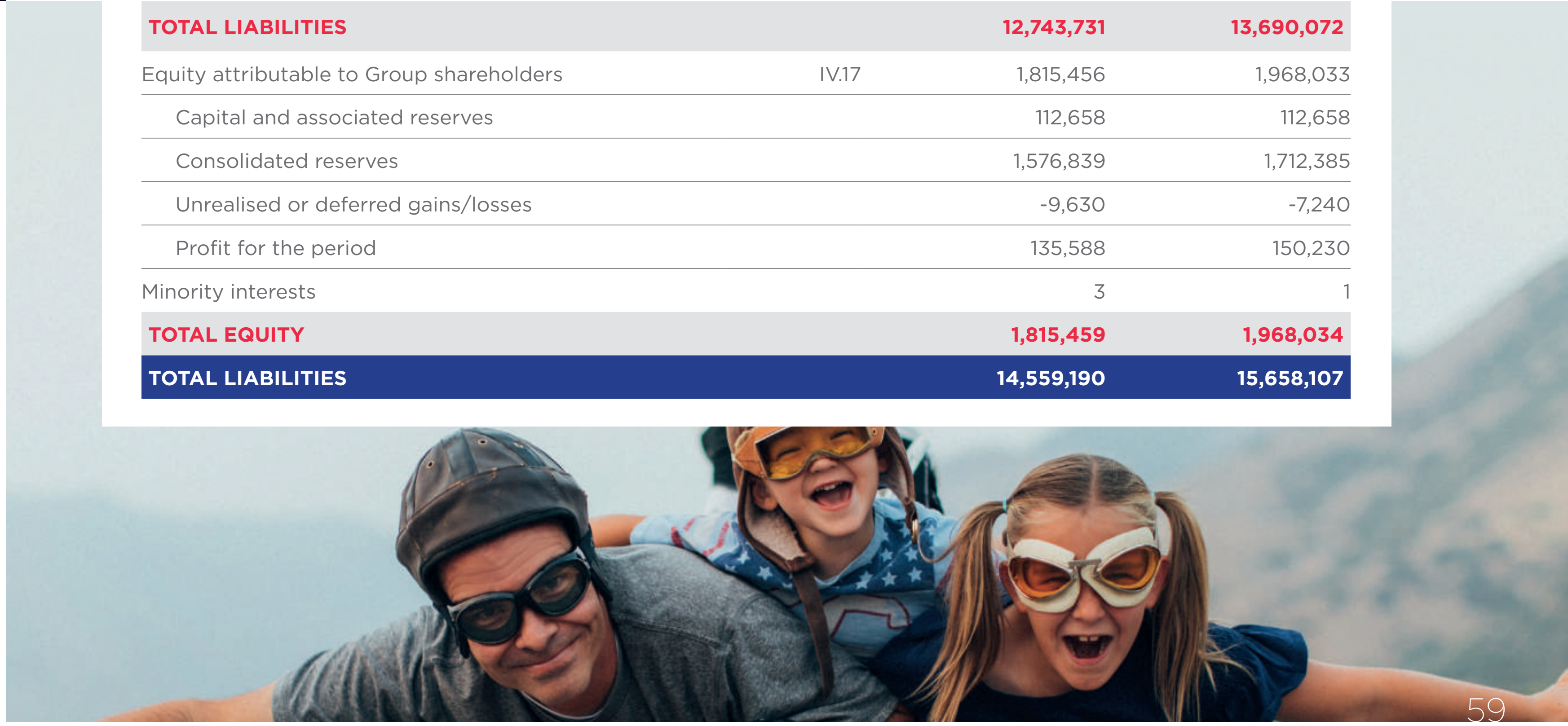




Consolidated balance sheet

ASSETS In thousands of euro	Note	31/12/2020	31/12/2021
Cash on hand, balances at central banks	IV.1	180	725
Financial assets recognised at fair value through profit or loss	IV.2	45	45
Derivative hedging instruments	IV.3	8,655	20,002
Securities at amortised cost	IV.4	865	1,095
Loans and advances to credit institutions at amortised cost	IV.5	716,835	753,975
Loans and advances to customers at amortised cost	IV.6	13,051,432	14,174,952
Re-measurement surplus for rate hedging portfolios	IV.3	43,169	3,003
Current tax assets	IV.14	35,684	18,714
Deferred tax assets	IV.14	134,064	133,704
Accruals and miscellaneous assets	IV.7	118,802	101,606
Interests in affiliates	-	-	-
Investment properties		-	-
Property and equipment	IV.8	188,697	189,786
Intangible assets	IV.9	16,755	16,494
Goodwill	IV.10	244,006	244,006
TOTAL ASSETS		**14,559,190**	**15,658,107**

LIABILITIES In thousands of euro	Note	31/12/2020	31/12/2021
Central banks		0	0
Financial liabilities recognised at fair value through profit or loss	IV.2	0	0
Derivative hedging instruments	IV.3	50,916	20,319
Debts to credit institutions at amortised cost	IV.11	11,347,150	12,152,048
Debts to customers at amortised cost	IV.12	687,392	761,502
Debts represented by a security at amortised cost	IV.13	49,993	49,992
Re-measurement surplus for rate hedging portfolios	IV.3	-	-
Current tax liabilities	IV.14	13,665	13,442
Deferred tax liabilities	IV.14	1,514	942
Accruals and miscellaneous liabilities	IV.15	315,240	366,577
Insurance contract technical provisions		-	-
Provisions	IV.16	77,674	125,069
Subordinated debt		200,187	200,181
TOTAL LIABILITIES		**12,743,731**	**13,690,072**
Equity attributable to Group shareholders	IV.17	1,815,456	1,968,033
Capital and associated reserves		112,658	112,658
Consolidated reserves		1,576,839	1,712,385
Unrealised or deferred gains/losses		-9,630	-7,240
Profit for the period		135,588	150,230
Minority interests		3	1
TOTAL EQUITY		**1,815,459**	**1,968,034**
TOTAL LIABILITIES		**14,559,190**	**15,658,107**



Consolidated income statement

INCOME STATEMENT In thousands of euro	Note	31/12/2021	31/12/2020
Interests and similar income		1,083,943	1,131,398
Interests and similar costs		-44,794	-46,062
Commission (income)		329,265	308,588
Commission (costs)		-42,306	-37,429
Net gains/(losses) on financial instruments recognisedat fair value through profit or loss		-68	-362
Net gains/(losses) on available-for-sale financial assets		1,566	2,087
Income from other activities		-631	-457
NET BANKING INCOME	**VI.1**	**1,326,975**	**1,357,763**
General operating costs	VI.2	-749,898	-682,382
Amortisation expense/writebacks and provisions on tangible and intangible assets	VI.3	-19,307	-22,435
GROSS OPERATING PROFIT		**557,771**	**652,946**
Cost of risk	VI.4	-339,187	-456,402
OPERATING PROFIT		**218,584**	**196,544**
Share of net profit/(loss) of affiliates		-	-
Net gains or losses on other assets	VI.5	-211	-72
Changes in the value of goodwill			-
PROFIT BEFORE TAXES		**218,373**	**196,472**
Income tax	VI.6	-68,142	-60,884
Net profit for the year on discontinued operations or operations being discontinued			
NET PROFIT		**150,230**	**135,588**
Minority interests			
NET PROFIT – ATTRIBUTABLE TO GROUP SHAREHOLDERS		**150,230**	**135,588**
Earnings per share (in €):		0.71	0.64

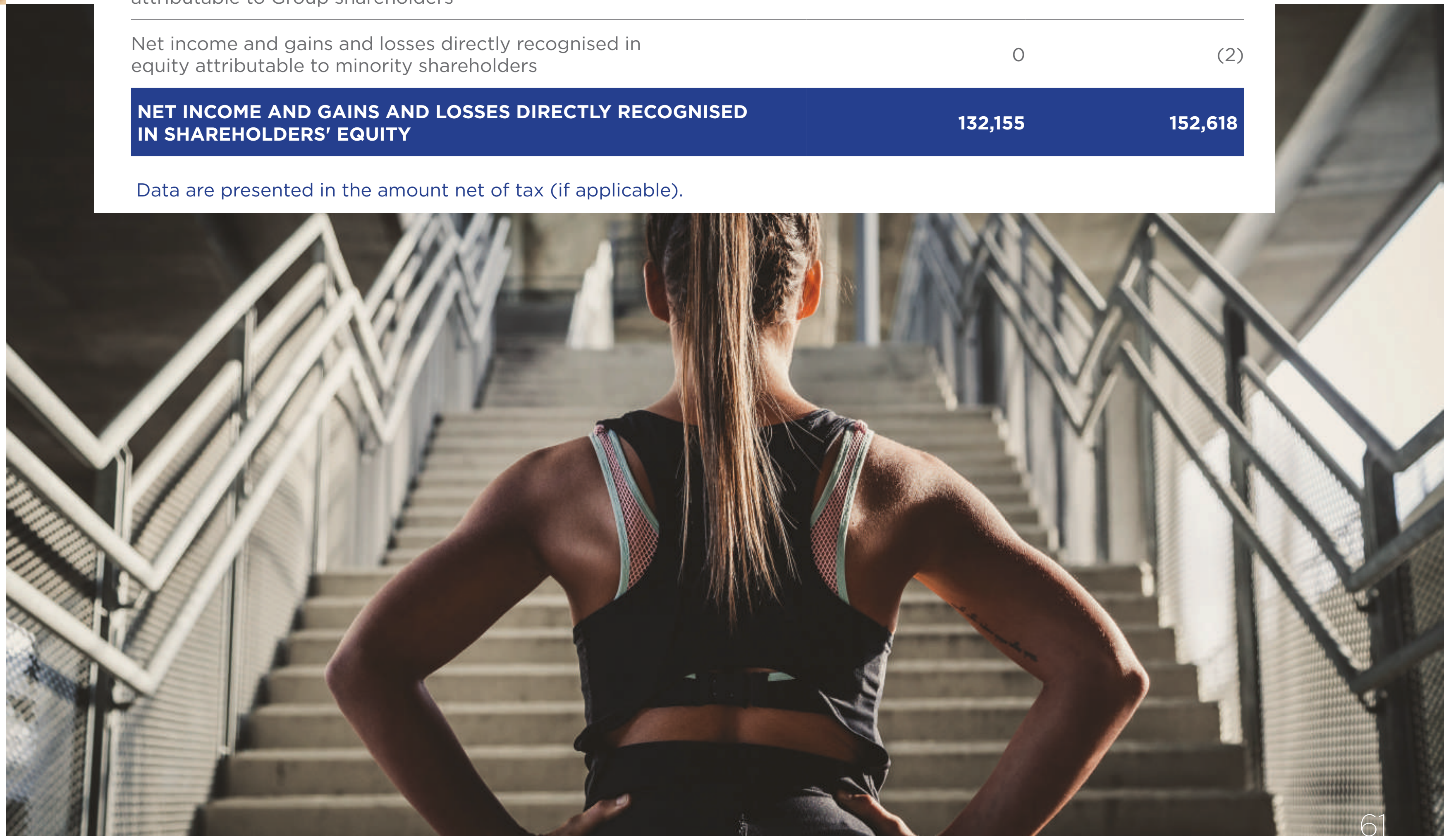
CONSOLIDATED FINANCIAL STATEMENTS

Net income and gains and losses

DIRECTLY RECOGNISED IN EQUITY

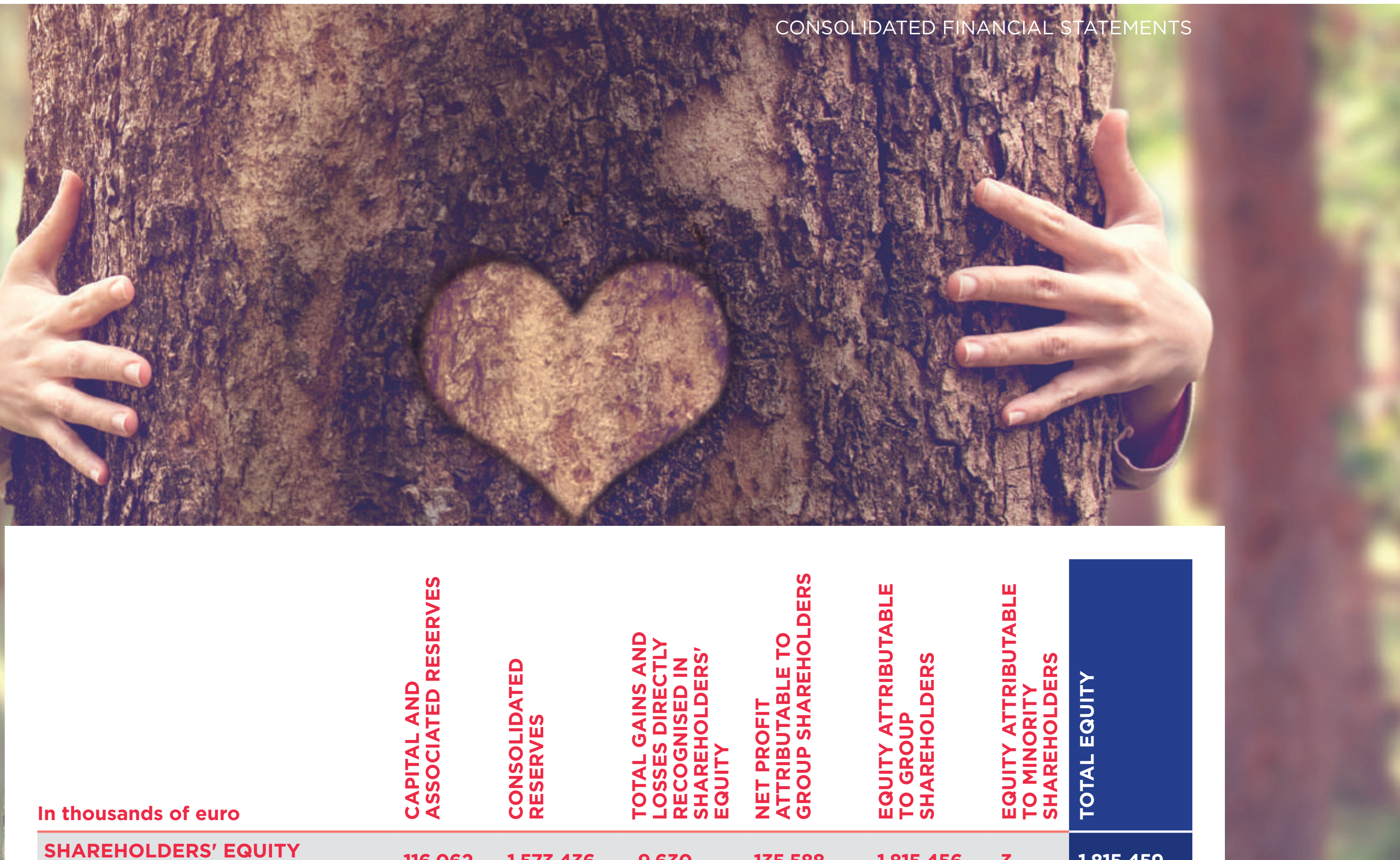
In thousands of euro	31/12/2020	31/12/2021
NET PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS	**135,588**	**150,230**
Translation adjustments	53	570
Re-measurement of derivative hedging instruments	(2,596)	2,289
Re-measurement of long-term employee benefits	(890)	(469)
Re-measurement of financial assets		
TOTAL GAINS AND LOSSES DIRECTLY RECOGNISED IN EQUITY ATTRIBUTABLE TO GROUP SHAREHOLDERS	**(3,433)**	**2,390**
Net income and gains and losses directly recognised in equity attributable to Group shareholders	132,155	152,620
Net income and gains and losses directly recognised in equity attributable to minority shareholders	0	(2)
NET INCOME AND GAINS AND LOSSES DIRECTLY RECOGNISED IN SHAREHOLDERS' EQUITY	**132,155**	**152,618**

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



Change in shareholders' equity

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



In thousands of euro	CAPITAL AND ASSOCIATED RESERVES	CONSOLIDATED RESERVES	TOTAL GAINS AND LOSSES DIRECTLY RECOGNISED IN SHAREHOLDERS' EQUITY	NET PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS	EQUITY ATTRIBUTABLE TO GROUP SHAREHOLDERS	EQUITY ATTRIBUTABLE TO MINORITY SHAREHOLDERS	TOTAL EQUITY
SHAREHOLDERS' EQUITY AT 1 JANUARY 2021	**116,062**	**1,573,436**	**-9,630**	**135,588**	**1,815,456**	**3**	**1,815,459**
Capital increase and contribution premium					0		0
Equity component of hybrid instruments					0		0
Allocation of 2020 income		135,588		-135,588	0		0
Repayment of perpetual subordinated notes					0		0
Dividend payment in 2021 in respect of 2020					0		0
SUB-TOTAL OF MOVEMENTS LINKED TO RELATIONS WITH SHAREHOLDERS	**0**	**135,588**	**0**	**-135,588**	**0**	**0**	**0**
Change in gains and losses directly recognised in shareholders' equity			2,390		2,390	-2	2,388
2021 Income				150,230	150,230		150,230
SUB-TOTAL	0	0	2,390	150,230	152,620	-2	152,618
Effect of acquisitions and disposals					0		0
Other changes				-42	0		0
EQUITY AT 31 DECEMBER 2021	**116,062**	**1,709,024**	**-7,240**	**150,188**	**1,968,034**	**1**	**1,968,035**

Summary cash flow table

In thousands of euro	2021	2020
EARNINGS BEFORE TAXES	**218,372**	**196,473**
Net amortisation expense on tangible and intangible assets	18,548	17,712
Amortisation/depreciation of goodwill and other assets	759	4,723
Net provisions	-198,089	102,402
Share of net profit/(loss) of affiliates	0	0
+/- Net loss/net gain from investment activities	211	72
Income and expenses of financing activities	0	0
Other movements	-42,348	-24,234
TOTAL OF NON-MONETARY ITEMS INCLUDED IN NET PROFIT BEFORE TAX AND OTHER ADJUSTMENTS	**-220,919**	**100,675**
Flows from transactions with credit institutions	825,926	-535,180
Flows from transactions with customers	-729,795	-151,112
Flows from other transactions allocating financial assets or liabilities	-38,877	3,874
Flows from other transactions allocating non-financial assets or liabilities	92,997	-11,053
Tax paid	-42,995	-79,000
NET DECREASE (INCREASE) IN ASSETS AND LIABILITIES FROM OPERATING ACTIVITIES	**107,256**	**-772,472**

In thousands of euro	2021	2020
TOTAL NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES (A)	**104,710**	**-475,323**
Flows from financial assets and holdings	-230	-316
Flows from investment properties	0	0
Flows from tangible and intangible assets	-20,226	-58,689
Investment readjustments	0	0
TOTAL NET CASH FLOW GENERATED FROM INVESTING ACTIVITIES (B)	**-20,456**	**-59,005**
Cash flow coming from or going to shareholders	-26	675
Other net cash flows from financing activities	0	0
Financing readjustments	0	0
TOTAL NET CASH FLOW GENERATED FROM FINANCING ACTIVITIES (C)	**-26**	**675**
EFFECTS OF EXCHANGE RATE CHANGE AND SCOPE CHANGE (D)	**625**	**1,241**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	84,852	-532,412
Total net cash flow generated from operating activities (A)	104,710	-475,323
Total net cash flow generated from investing activities (B)	-20,456	-59,005
Total net cash flow generated from financing activities (C)	-26	675
Effect of exchange rate change and scope change (D)	625	1,241
CASH AND CASH EQUIVALENTS AT START OF PERIOD	**546,952**	**1,079,364**
Cash on hand, balances at central banks, ICP (Assets and Liabilities) - START OF PERIOD	1,010	351
Demand accounts and loans/borrowings with credit institutions - START OF PERIOD	545,943	1,079,014
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**631,805**	**546,952**
CAsh on hand, balances at central banks, ICP (Assets and Liabilities) - END OF PERIOD	1,346	180
Demand accounts and loans/borrowings with credit institutions - END OF PERIOD	630,458	546,772
CHANGE IN NET CASH	**84,852**	**-532,412**

Notes
to the 2021 consolidated financial statements

Contents

I. Introduction

Pursuant to Regulation (EC) 1606/2002 on the application of international accounting standards and Regulation (EC) 1126/2008 on their adoption, the consolidated financial statements for the period have been prepared in accordance with IFRS, as adopted by the European Union (EU) as of 31 December 2021. This framework is available on the European Commission (EC) website: https://ec.europa.eu/info / business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements

The financial statements are prepared in the format approved by recommendation No. 2017-02 of the French accounting standards board, (*Autorité des Normes Comptables – ANC*), as regards IFRS summary financial statements. They comply with international financial reporting standards as adopted by the EU.

Information relating to risk management required by IFRS 7 is presented in a separate chapter in the activity report.

As of 1 January 2021, the Group applies the following standards:

Amendment to IFRS 16 – Rent concessions

It extends the simplification measures for holders benefitting from rent concessions out to 30 June 2022 (instead of 30 June 2021), due to the Covid-19 pandemic.

It is possible for the holder to be exempt from the analysis of a lease contract modification if the lease adjustments are a direct consequence of the Covid-19 pandemic, and if the following conditions are met:

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

- the reduction in lease payments only covers payments due up to 30 June 2022;

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

If the holder selects this option, lease concessions are generally booked in the same way as negative variable leases, not included in the initial debt assessment. They are booked as income for the period during which the adjustment of the right granted is applied, with a corresponding reduction in debt.

Lastly, the amendment has no direct impact on the assessment of the right of use related to the relevant lease.

This amendment provides for continuity of calculation methods compared with the initial amendment.

The Group is not impacted by these provisions.

IFRIC decision of 20 April 2021 on the principles of attributing benefits to periods of service

It clarifies the terms and conditions governing the attribution of benefits to post employment periods of service, with benefits depending on length of service and which are capped after a certain period of service, while also being subject to remaining employed by the company at the time of the retirement date.

For such schemes, the retirement benefit shall be solely calculated for the period preceding the retirement age enabling the attainment of the ceiling age (or between the start date at the company and the retirement date if this term is lower than the ceiling).

This change puts an end to the system that prevailed up to now, i.e., spreading the cost of the benefit between the employee's start date and retirement date.

Within the scope of the Group, the impacts of the retroactive application of the IFRIC decision are not material as of 1 January 2020, 31 December 2020 and 31 December 2021. For this reason, the Group did not carry out any restatements of comparable years.

IBOR reform

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

In Europe, this takes the form of the so-called BMR benchmark regulation published in 2016 and in force since the start of 2018. To secure and ensure the reliability of the indexes used by the market, this reform's major component relies on rates calculated on the basis of actual transactions.

All indices must now be compliant with the BMR regulation. Existing indices were used up until 31 December 2021 and for certain LIBOR components (LIBOR USD) potentially out to end-June 2023. Eventually, the former benchmark indices (LIBOR, EONIA, EURIBOR, etc.) will no longer exist unless they comply with the new regulation or benefit from exceptional extensions.

In order to ensure a seamless transition, the Group launched a project initiative from first-quarter 2019, to ensure risk coverage (legal, commercial, and organisational impacts, tools, and financiers/accountants) related to this transition.

EONIA was characterised as a tracker of €STR from October 2019 until its disappearance. €STR was definitively designated by the European Commission as the successor to EONIA for all contracts that had not expired at the start of January 2022 which do not include strong fallback clauses.

Furthermore, the SARON increased by a maturity-defined adjustment differential would, by default, be the legal replacement of LIBOR CHF.

Since the change of calculation method in July 2019, EURIBOR complies with the BMR regulation.

Lastly, in November 2021, the UK Financial Conduct Authority announced the publication of synthetic GBP and JPY LIBOR out to end-2022 which could be used for contracts that are difficult to manage from the legal transition standpoint (absence of fallback clauses). The market index to replace LIBOR GBP is the SONIA, but this index does not benefit from a "regulatory" switch, unlike LIBOR CHF or EONIA.

Against this backdrop, the Group believes that uncertainties persist regarding LIBOR USD and LIBOR GBP for existing contracts or contracts that have not yet been amended in line with off-market conditions.

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

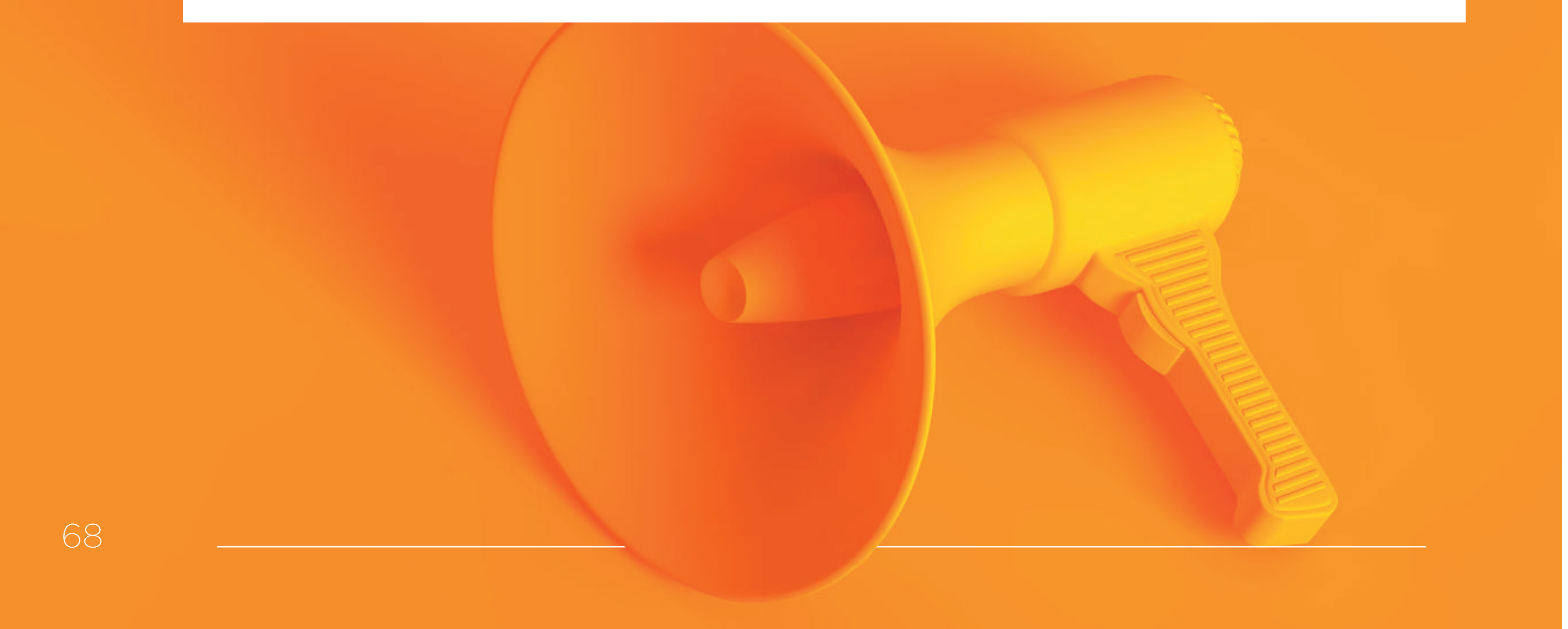
Adding fallback clauses within the scope of Group market activities to over-the-counter (OTC) derivative contracts, securities lending and repos by signing up to the International Swaps and Derivatives Association (ISDA) protocol (with its application effective from 25 January 2021) or by updating the rule books of clearing houses for applicable derivative instruments. They were activated for derivative contracts from October 2021, and will be for ISDA contracts no later than the definitive end-of-use of the indices.

From 2021 a "technical amendment relative to events impacting benchmark rates" pursuant to French Banking Federation (FBF) conventions with corporate customers or bank counterparties was introduced to enable compliance of outstanding transactions completed before February 2020.

The Group also carried out updates to bilateral contracts between parties and discounted commercial conditions (i.e., change of benchmark rate via contract amendments).

Lastly, at the reporting date, the interest rate risk management strategy was not materially impacted considering that Cofidis Group and its entities do not have transactions completed using the new indices.

Cofidis Group and its entities do not have exposure to EONIA or GBP-LIBOR linked derivatives.



II. General environment

1 – DESCRIPTION OF THE ENTITY

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

Cofidis Group was founded in 1982 by the 3SI group, a specialist in online shopping. On 23 March 2009, the Banque Fédérative du Crédit Mutuel (BFCM) took control of Cofidis Group of which Cofidis SA is the direct subsidiary.

Cofidis Group, registered under company number 378 176 291, is a public limited company registered and domiciled in France. Its registered head office is at: Parc de la haute Borne, 61 Avenue Halley, 59667 Villeneuve d'Ascq, France.

The consolidated financial statements, which will be submitted to the shareholders for approval, have been prepared at 31 December 2021 for the companies included in Cofidis Group's scope. The financial statements are reported in thousands of euro, unless otherwise indicated.

2 – SIGNIFICANT EVENTS OF THE ACCOUNTING PERIOD

Significant events during the accounting period are as follows:

The health crisis:

Following severe disruption in 2020 from the pandemic, business activity returned to normal levels during the 2021 financial year.

Acceptance rules were strengthened from the onset of the health crisis in 2020 for prospects and customers (checks that customers are not on short-time working, additional requirements for freelancers, updates to rules and scores applied to certain categories in prospection and customer loyalty activities, cuts to maximum authorised amounts for certain products, increased monitoring of existing financing with partners such as auto makers, etc.). These measures were gradually lifted in line with changes in the situation for each of our subsidiaries.

Moratoriums were also implemented in 2020, either relative to rules specific to Cofidis Group entities, or as part of national debt moratoriums. At end-December 2021, only Hungary continued to apply a regulatory moratorium. In November 2021, customers had to express their consent to maintain the moratorium, which had the effect of considerably reducing the outstanding amounts subject to the moratorium. Outstandings subject to moratoriums that do not include defaults were covered by specific provisions in 2020, a measure which continued through 2021. Note that 5 points of FL weighting in the worst-case scenario equates to provisions of €6 million.

General and administrative costs returned to their uptrend owing to the recovery in business: marketing spending returned to more historic levels, and operating costs linked to new openings were also on the increase again. Costs linked to collection and litigation were high, driven by excellent performances in terms of proceeds.

Regarding the cost of risk, entry into defaults were down compared with pre-Covid levels. Efficiencies were high which meant that the cost of risk remained low. Additional provisions were set aside to cover performing loans not subject to default in 2021 to anticipate the probable deterioration in solvency of our portfolio customers in quarters to come. This provision was maintained in the financial statements to end-2021.

A Crisis Management group was set up from 03/03/2020 and continued to adjust in 2021, in line with the development of the situation and the recommendations imposed by authorities.

Similarly, the measures taken in 2020 to ensure the safety of employees were maintained: large-scale roll-out of remote working methods, limitations to the number of face-to-face meetings, social distancing measures in public areas, open spaces and meeting rooms, limits to professional travel, quarantine procedures, health recommendations and tougher cleaning protocols for premises and work stations, disinfection procedures for offices where positive cases were detected, availability of masks and hand sanitiser, protocols to follow in the event of positive cases and contact case tracking, etc.

Cofidis Spain customer disputes:

In Spain, regulations do not set a maximum interest rate. The Spanish Law of 23 July 1908 provides for the nullity of any contract whose interest is "significantly higher than the standard money rate and manifestly disproportionate."

In March 2020, the highest Spanish Court (Tribunal Supremo) deemed the revolving credit card rate of a Spanish bank "abusive". In its judgement, the Court focused on the average rate of revolving products published by the Bank of Spain in its monthly bulletins, using it as a benchmark. This ruling followed the decision of September 2015 from the same Court which judged that the rates practiced by a bank for its credit cards were “abusive”. In its judgement, the Court used the instalment loan rate – and not the revolving loan/credit card rate – as its benchmark.

Following the Ruling of March 2020, Cofidis Spain received complaints in 2020, with an acceleration in submissions throughout 2021.

The disputes, which concern customer rates, apply to the entire Spanish financial market. A special organisation was set up at Cofidis Spain to track and manage the claims.

In 2020, dispute-related costs at year-end amounted to €3 million. A provision of €5 million was booked in the 2020 financial statements in anticipation of the final cost of ongoing cases.

In 2021, dispute-related costs at year-end totalled €25 million. An additional provision was set aside to partially cover ongoing cases and partially cover the costs of disputes that could arise in 2022, 2023 and 2024. The net amount of this allocation to provisions amounts to €52 million, of which €15 million corresponding to the anticipated cost of ongoing cases at the close of the 2021 financial year and €37 million to cover amicable settlements and cases to be brought after 2021.

The provision amount was based on information available to date and includes a level of claims which remains high in 2022, with a substantial decline from the end of the first six months of 2022.

Claims will be monitored closely during the first half of 2022 and, where appropriate, we will adjust the amount of the “Cofidis Spain customer dispute rate” provision.

3 – EVENTS AFTER THE REPORTING PERIOD

After the reporting on 31 December 2021, the ongoing conflict between Russia and Ukraine is likely to generate a shock for the global economy and a slowdown in economic growth. This could increase certain risks that are notably linked to macro-economic conditions and potentially unfavourable market movements and well as cybersecurity. Owing to the still-uncertain geopolitical, economic, financial and social consequences of this conflict and uncertainties as to how it will impact different sectors of the global economy, at present, it is not possible to estimate the impact on the Cofidis Group.

Strictly speaking, in terms of Russia and Ukraine risk, Cofidis Group has no direct presence (via subsidiary or joint venture) in either of these two countries. In overall terms, the exposure of the Cofidis Group to these countries is extremely low.

4 – RELATED PARTY DISCLOSURES

Parties related to Cofidis Group are:

• the consolidated companies,
• the company controlling Cofidis Group (Banque Fédérative du Crédit Mutuel),entities controlled by the same parent company: the other entities
in the Crédit Mutuel Group, other related parties: the entities in the Argosyn group, the main directors of Cofidis Group or its shareholders.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Balance sheet position in €k	TOTAL	Parent company	Entities controlled by the same parent company	Other related parties
Derivative hedging instruments - Assets	19,840	13,841	5,999	0
Loans and advances to credit institutions	637,057	601,763	35,294	0
Accruals and miscellaneous assets	2,525	0	1,304	1,222
TOTAL ASSETS	**659,422**	**615,603**	**42,597**	**1,222**
Derivative hedging instruments - Liabilities	20,256	4,401	15,856	0
Debts to credit institutions	12,135,628	12,132,328	3,300	0
Debts represented by a security	49,992	49,992	0	0
Accruals and miscellaneous liabilities	21,837	0	21,218	619
TOTAL LIABILITIES	**12,227,713**	**12,186,720**	**40,374**	**619**
RECEIVED COMMITMENTS	**6,907,000**	**5,142,000**	**1,765,000**	**0**
GIVEN COMMITMENTS	**10,767**	**1,239**	**9,528**	**0**

Income and expenditure in €k	TOTAL	Parent company	Entities controlled by the same parent company	Other related parties
Interest and similar income	18,663	17,165	1,497	0
Net gains or losses on Commissions	205,077	-883	206,323	-363
Net gains or losses on portfolios at fair value (FV) through profit or loss	0	0	0	0
Gains or losses on other assets	3	0	3	0
TOTAL INCOME	**223,742**	**16,282**	**207,823**	**-363**
Interest and similar expenses	38,939	21,728	17,210	0
Operating costs	89,238	0	87,987	1,252
TOTAL EXPENSES	**128,177**	**21,728**	**105,197**	**1,252**

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

5 - CONSOLIDATION SCOPE AND METHODS

5.1 Scope

The consolidated financial statements for Cofidis Group bring together all the companies under exclusive control, under joint control or under significant influence. These companies are consolidated according to the full consolidation and equity methods, respectively.

The consolidated financial statements include the financial statements of Cofidis Group and those of all its subsidiaries:

Companies	Country location	Consolidation method	% holding at 31/12/2021	% holding at 31/12/2020
Cofidis Group	France			
COFIDIS SA and branches	France, Spain, Portugal, Hungary, Poland, Slovakia	Full consolidation	99.99	99.99
CREATIS SA	France	Full consolidation	99.99	99.99
COFIDIS Belgium	Belgium	Full consolidation	99.99	99.99
COFIDIS Czech Republic	Czech Republic	Full consolidation	99.99	99.99
COFIDIS Spa	Italy	Full consolidation	99.99	99.99
SYNERGIE	France	Full consolidation	99.98	99.98
Monabanq France	France	Full consolidation	99.99	99.99
MARGEM SEGUROS	Portugal	Full consolidation	99.99	99.99

5.2 Control concepts

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

■ **Exclusively controlled entities:** exclusive control is presumed to exist when the Group has power over the entity, is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of controlled entities are fully consolidated.

■ **Entities under joint control:** joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Two or more parties that exercise joint control constitute a partnership, which is either a joint operation or a joint venture:

• a joint operation is a partnership in which the parties that exercise joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the entity: they recognise the assets, liabilities, income and expense in relation to their interest;

• a joint venture is a partnership in which the parties that have joint control of the arrangement have rights to the net assets of the entity: a joint venture is accounted for by the equity method.

■ **Entities under significant influence:** entities that are not controlled by the consolidating entity, but over which there exists the power to participate in financial and operational policy. The Group accounts for securities and entities over which it has significant influence by the equity method.

5.3 Consolidation methods

The consolidation methods used are:

■ **Full consolidation:** This method consists of substituting for the value of securities each of the assets and liabilities elements of each subsidiary and separating the share of minority interests in equity and income. It applies to all entities under exclusive control, including those with a different accounting structure, regardless of whether the business is a direct extension of the consolidating entity.

■ **Equity Method:** Under this method, the Group's share in the shareholders' equity and profit or loss of the company is substituted for the value of the securities. It applies to all entities under joint control classified as joint ventures and for all entities over of which the Group exercises a significant influence.

5.4 Foreign currency transactions

Cofidis Group financial statements are prepared in euros. The balance sheet for foreign subsidiaries and branches whose functional currency is not the euro is translated into euros at the exchange rate on the reporting date. Items in the income statement are translated using the average rate for the accounting period. Foreign currency translation adjustments are shown for consolidated companies that are not part of the eurozone (Cofidis Hungary, Cofidis Czech Republic and Banco Cofidis Poland).

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

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

	Rate 2021 average	Rate at end of period	Rate at start of period	Rate 2020 average
Czech krona	0.0389912	0.0402285	0.0381069	0.0377993
Hungarian forint	0.0027897	0.0027086	0.0027481	0.0028473
Polish zloty	0.2191041	0.2175379	0.2193127	0.2250640

5.5 Treatment of acquisitions and goodwill

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

In the event of an increase/decrease in the Group's percent holding in an entity it controls, the difference between the acquisition and disposal price of the securities and the proportionate share of consolidated equity represented by the securities on the acquisition/disposal date is recognised in equity.

Goodwill is presented on a separate line of the balance sheet under "Interests in affiliates" when the entities are consolidated under this method.

Goodwill does not include direct acquisitions costs, which are recognised in profit or loss under revised IFRS 3.

Goodwill is tested for impairment at regular intervals and at least once a year. These tests are aimed at ensuring that goodwill has not suffered impairment. When the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated is lower than its carrying amount, an impairment is recognised in the amount of the difference. This impairment, recognised in profit or loss cannot be reversed. The Group's CGUs are defined according to its business lines.

III. Accounting principles and methods

1 - FINANCIAL INSTRUMENTS UNDER IFRS 9

1.1 Classification and measurement of financial assets

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

Loans, advances or debt instruments acquired

The asset is classed:

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

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

In this type of contract, the interest payments primarily represent the time value of money (including for negative interest) and credit risk. Interest may also include liquidity risk, the costs of administering the asset, and a commercial margin.

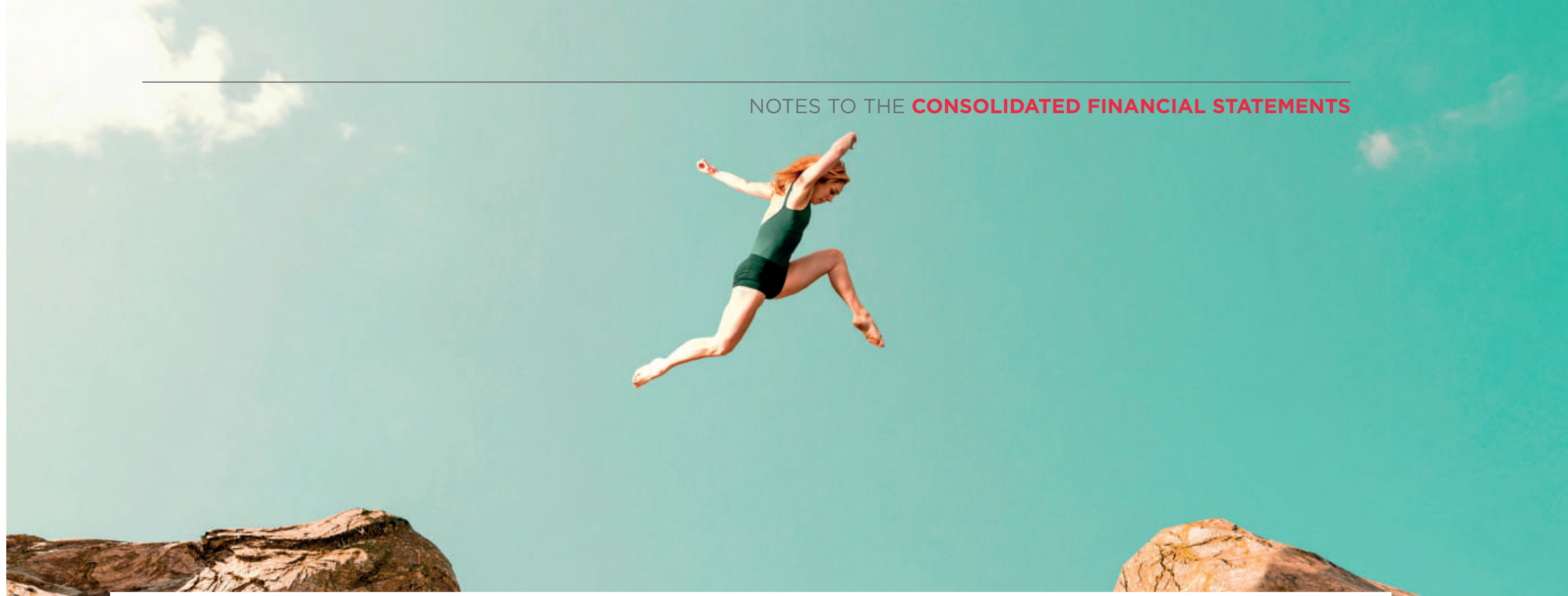
All contractual clauses have to be analysed, especially clauses that could change the payment schedule or the amount of contractual cash flows. The contractual possibility of early repayment for the borrower or lender remains compatible with the SPPI (*Solely Payments of Principal and Interest*) nature of the contractual cash flows, provided the amount repaid essentially represents the outstanding principal and accrued interest and, where applicable, a reasonable compensatory allowance.

Compensation for early repayment is considered reasonable if:

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

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

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



Note that:

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

Business models

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

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

- how business is reported to Top Management,
- how managers are compensated,
- frequency, schedule and volume of sales in prior periods,
- reasons for sales,
- sales forecasts,
- how risk is assessed.

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

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

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

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

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

Financial assets at amortised cost

These primarily include:

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

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

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

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

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

Commissions directly related to the setting up the loan, whether received or paid, which is similar to interest, are

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

spread over the term of the loan according to the effective interest rate method and posted to the income statement under Interest.

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

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

Financial assets recognised at fair value through equity

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

Accrued or earned revenue is recognised in the income statement, using the effective interest rate method, under "Interest and similar income".

Financial assets recognised at fair value through profit or loss

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

Purchases and sales of securities measured at fair value are recognised on the settlement date. Changes in fair value between the transaction date and the settlement date are recognised in profit or loss.

ACQUIRED EQUITY INSTRUMENTS

Acquired equity instruments (notably shares) are classified:

- at fair value through profit or loss,
- or as an irrevocable option at initial recognition, at fair value through equity.

Financial assets recognised at fair value through profit or loss

Equity instruments are recognised in the income statement in exactly the same way as debt instruments at fair value through profit or loss.

1.2. Classification and measurement of financial liabilities

Financial liabilities are classified in one of these two categories:

financial liabilities at fair value through profit or loss

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

financial liabilities at amortised cost

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

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

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

REGULATED SAVINGS ACCOUNTS

Home savings accounts (CEL - comptes épargne logement) and home savings plans (PEL - plans épargne logement) are French regulated products available to customers (individuals). These products combine an interest-bearing savings period and a second period when the holder is eligible to apply for a mortgage. They generate two types of commitments for the bank:

- a commitment to pay future interest on savings at a fixed rate (only on PELs; the rate of remuneration of CELs is similar to a floating rate that is revised periodically according to an indexation formula);
- a loan agreement commitment to customers who request it, under predetermined conditions (PEL and CEL).

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

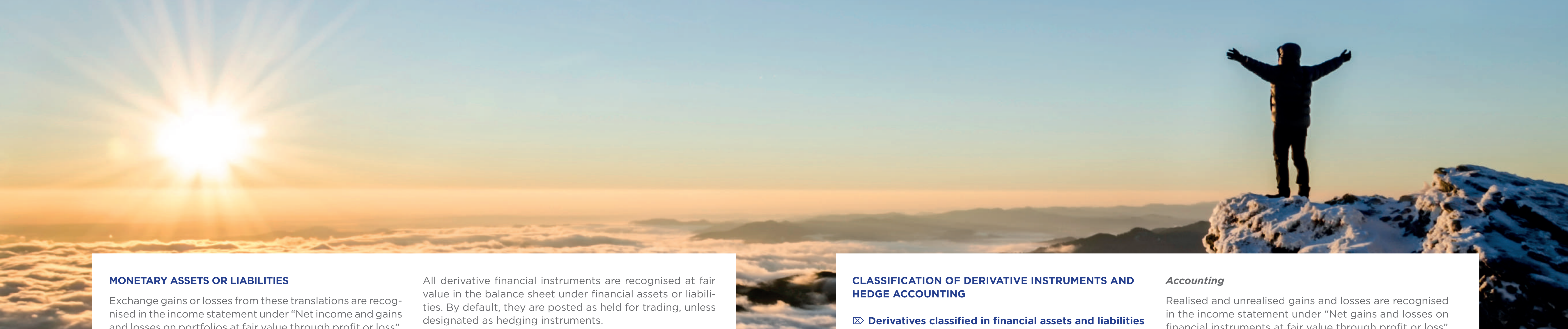
1.3 Distinction between debt and equity

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

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

1.4 Foreign currency transactions

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



MONETARY ASSETS OR LIABILITIES

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

NON-MONETARY ASSETS OR LIABILITIES

Exchange gains or losses from these translations are recognised in the income statement under "Net gains or losses on financial instruments at fair value through profit or loss" if the item is classified at fair value through profit or loss or is among the most or least unrealised or deferred losses in the case of financial assets at fair value through equity.

1.5 Derivative instruments and hedge accounting

IFRS 9 allows entities to elect, on first adoption, to apply the new provisions on hedge accounting or to maintain the provisions of IAS 39.

The Group has elected to maintain the IAS 39 provisions. However, the notes or the management report include additional disclosures on risk management and the impacts of hedge accounting on the financial statements, in accordance with IFRS 7 revised.

In addition, the provisions of IAS 39 to hedge the interest risk of a portfolio of financial assets or liabilities, as adopted by the EU, continue to apply.

A derivative is a financial instrument with the three following characteristics:

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

Cofidis Group deals in simple, primarily rate derivatives (swaps, vanilla options) that are mainly classified at level 2 of the value hierarchy.

All derivative financial instruments are recognised at fair value in the balance sheet under financial assets or liabilities. By default, they are posted as held for trading, unless designated as hedging instruments.

CALCULATING THE FAIR VALUE OF DERIVATIVES

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

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

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

CLASSIFICATION OF DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

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

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

Embedded derivatives

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

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

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

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

Accounting

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

Hedge accounting

Risks hedged

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

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

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

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

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

If necessary, hedging accounting can be discontinued prospectively.

Fair value hedging of specified financial assets and liabilities

In the case of a fair value hedging relationship, derivatives are remeasured at fair value through profit or loss under the heading "Net gains or losses on financial instruments at fair value through profit or loss" symmetrically to the re-measurement of the hedged items up to the limit of the hedged risk. This rule also applies if the hedged item is recognised at amortised cost or if it is classified under "Financial assets at fair value through equity". Since the changes in the fair value of the hedging instrument and of the hedged item partially or totally offset each other, only the hedge ineffectiveness is recognised in profit or loss.

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

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

Macro-hedging derivatives

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

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

The accounting treatment of macro-hedging derivatives is similar to that of fair value derivatives.

The change in the fair value of hedged portfolios is recognised on a separate line of the balance sheet under "Re-measurement surplus for rate hedging portfolios", through the counterpart of the income statement.

Cash flow hedges

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

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

Hedged items remain accounted for in accordance with the rules specific to their accounting category. If the hedging relationship ends or the effectiveness criteria are no longer met, hedge accounting is discontinued. The amounts accumulated in equity, in respect of the re-measurement of the hedging instrument, are retained in equity until the hedged item affects profit or loss or until it is determined that the transaction will not occur. These amounts are then transferred to profit or loss.

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

1.6 Derecognition of financial assets and liabilities

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

On the derecognition of:

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

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

1.7 Assessing credit risk

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

This new IFRS 9 impairment model will apply to all debt instruments measured at amortised cost or at fair value through equity, according to the three-bucket approach:

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

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

Governance

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

A significant increase in credit risk is measured:

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

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

To define the threshold between buckets 1 and 2:

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

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

- define the thresholds between buckets 1 and 2 for the different exposure classes and the methodology for incorporating forward-looking information in the parameters. For the probability of default, the model will use three scenarios, optimistic, neutral and pessimistic) and weight them based on how the Group expects the economic cycle to evolve over the five-year period.
- document the corpus of rules,
- finalise adaptation of the information system.

1.8 Determining the fair value hierarchy of financial instruments

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

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

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

Instruments traded on an active market

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

Instruments traded on an inactive market

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

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

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

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

Fair value hierarchy

There are three levels of fair value for financial instruments:

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

2 - DEFERRED TAXES

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

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

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

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

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

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

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

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

Calculations of deferred taxes are not discounted.

3 - FIXED ASSETS

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

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

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

- Land, landscaping, utility services: 15-30 years
- Constructions – carcass structure: 20-80 years (depending on the type of building concerned)
- Constructions – equipment: 10-40 years
- Fixtures and fittings: 5-15 years
- Furniture and office equipment: 5-10 years
- Safety equipment: 3-10 years
- Movable equipment: 3-5 years
- Computer equipment: 3-5 years
- Software acquired or created internally: 1-10 years
- Acquired customer base: 9-10 years (if acquiring customer contract portfolio)

In accordance with IAS 36 "Impairment of assets", when events or changes in the market environment indicate a risk of impairment of intangible and tangible assets, they must be reviewed in detail to determine if their carrying amount is lower than their recoverable value, this being defined as the higher of the fair value (reduced by the disposal cost) and the value in use. The value in use is determined by discounting future cash flows expected from the use of the asset and its disposal.

Where the recoverable amount would be less than the carrying amount, an impairment loss is recognised for the difference between these two amounts. Impairment losses relating to intangible assets can be reversed subsequently if the recoverable value becomes greater than the carrying amount (up to the limit of the initially recognised depreciation).

Based on the information on available fixed asset values, Cofidis Group can conclude that impairment testing would not result in modifying the values recorded on the balance sheet at 31 December 2021.

4 – GOODWILL

4.1 Initial recognition

Assets and liabilities acquired as part of a business combination are recognised according to the acquisition method: assets and liabilities are then recorded at fair value. The residual difference between the acquisition price and the re-valued assets and liabilities is recognised under "Goodwill", if necessary.

4.2 Impairment tests and Cash Generating Units (CGUs)

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

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

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

5 - PROVISIONS

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

In respect of these obligations, Cofidis Group has constituted provisions that in particular cover:

- company commitments,
- operating risks,
- disputes,
- legal risks.

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

6 - EMPLOYEE BENEFITS

6.1 Employee benefits

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

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

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

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

6.1.1 Short-term employee benefits

Short-term employee benefits include:

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

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

6.1.2 Post-employment benefits

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

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

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

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

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

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

The differences generated by changes in these assumptions and by differences between previous assumptions and what has actually occurred constitute actuarial gains and losses. When the scheme has assets, they are measured at fair value and their expected return is recognised in profit or loss. The difference between the actual return and the expected return is also an actuarial gain or loss.

Actuarial gains and losses are posted to unrealised or deferred gains or losses and recognised in equity. Scheme reductions and liquidations result in a change in the commitment, which is recognised in profit or loss for the period.

6.1.3 Termination benefits

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

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

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

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

7 - EQUITY INSTRUMENTS: DEEPLY SUBORDINATED NOTES

7.1 Characteristics of super-subordinated equity

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

7.2 Accounting treatment: nominal and interest expense

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

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

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

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

8 – INTEREST INCOME AND EXPENSES

Interest income and expenses are recognised in the income statement for all financial instruments measured at amortised cost using the effective interest rate method.

The effective interest rate is the rate used to discount future cash inflows or outflows over the estimated lifetime of the financial instrument so as to obtain the carrying amount of the financial asset or liability. To determine the effective interest rate, the Group estimates the cash flows taking contractual procedures into consideration. This calculation includes the commissions paid or received between the parties to the contract or intermediaries once they are linked to the yield from the financial instrument, as well as the transaction costs and losses.

As soon as a financial asset or a group of similar financial assets has been depreciated following an impairment loss, subsequent interest income is recognised in the income statement under “Interest and similar income” based on the original effective interest rate.

9 – NET COMMISSION INCOME

Commissions directly related to arranging a loan are spread according to the effective interest rate method.

The Group recognises commission income and expenses on services through profit or loss based on the nature of the services to which they are related. Commission remunerating continuous services is spread through profit or loss over the duration of the service rendered. Commissions remunerating occasional services, such as penalties on payment incidents, are fully recognised through profit or loss, under "Commission income", when the service is delivered.

10 - LEASE CONTRACTS

Lease contracts, by definition, involve the recognition of an asset and the lessee's control over the right of use of this particular asset.

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

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

The Group activates mainly the property leases, except for those tacitly renewed (taking into account the 6-month termination notice). In compliance with the standards, the auto fleet was only retired when locally significant and the security and computer hardware were removed due to their substitutable nature.

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

Thus, rights of use are registered as "tangible assets", and lease obligations in "other liabilities". When they do not concern tacitly renewed contracts, lease rights are reclassified in tangible assets. Rights of use and lease obligations are subjected to deferred tax assets or liabilities for the net amount of taxable and deductible temporary differences.

In the income statement, interest expenses appear in the "interest margin" whereas the amortisation expenses are featured in the section dedicated to overhead costs.

The basis for calculating the lease obligation is:

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

11 – JUDGEMENTS AND ESTIMATES USED IN PREPARING THE FINANCIAL STATEMENTS

In preparing the financial statements at 31 December 2021, management is required to make measurements, which by their nature, require making assumptions and include risks and uncertainties regarding their future realisation.

These can be influenced by many factors, particularly:

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

This list is not exhaustive.

Accounting estimates that require assumptions to be made are used principally for the following measurements:

11.1 Financial instruments measured at fair value

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

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

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

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

11.2 Pension schemes and other future social benefits

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

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

11.3 Depreciation of customer advances

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

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

11.4 - Provisions

The measurement of other provisions may also be the subject of estimates, particularly provisions for legal risks that result from Top Management's best assessment, given the information in its possession at 31 December 2020.

11.5 Impairment of goodwill

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

11.6 - Uncertainty over Income Tax Treatments

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

The interpretation posits an assumption that the tax authority:

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

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

The scope of application of this text is limited to income tax (current or deferred). The Group considers that it will not lead to a change in current practice. The Group currently recognises a risk when a reassessment notice is received in respect of the entity, an associate entity or a third-party entity.

IV. Notes to the consolidated balance sheet

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

	31/12/2021	31/12/2020
Accounts open at central banks	0	0
Cash and cash equivalents	725	180
TOTAL	**725**	**180**

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

At 31 December 2021, financial assets recognised at fair value through the income statement stood at €45k. The Group does not hold financial liabilities at fair value through the income statement.

	31/12/2021	31/12/2020
Securities at fair value through profit or loss	45	45
TOTAL SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**45**	**45**

3 - DERIVATIVE INSTRUMENTS

3.1 - Derivative hedging instruments

At 31 December 2021, financial instrument interest rate swaps amounted to €20,002 thousands in assets and €20,319 thousands in liabilities. The portfolio is broken down as follows:

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

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

	31/12/2021				31/12/2020
	< 1 year	> 1 year and < 5 years	> 5 years	Total in market value	
Swaps	13,733	6,217	52	20,002	8,655
Options	0	0	0	0	0
TOTAL	**13,733**	**6,217**	**52**	**20,002**	**8,655**

	31/12/2021	31/12/2020
Cash flow hedging derivative instruments	8,612	5,691
Foreign exchange rate derivative hedging instruments	2,180	2,878
Fair value derivative hedging instruments (1)	9,210	86
TOTAL	**20,002**	**8,655**

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

	31/12/2021				31/12/2020
	< 1 year	> 1 year and < 5 years	> 5 years	Total in market value	
Swaps	16,513	3,577	229	20,319	50,916
Options	0	0	0	0	0
TOTAL	**16,513**	**3,577**	**229**	**20,319**	**50,916**

	31/12/2021	31/12/2020
Cash flow hedging derivative instruments	3,200	6,993
Foreign exchange rate derivative hedging instruments	0	67
Fair value derivative hedging instruments [1]	17,119	43,855
TOTAL	**20,319**	**50,916**

The strategy for using hedging instruments is explained in detail in Note IX “Risk exposure and hedging policy”.

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

3.2 Fair value hierarchy for financial instruments

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

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

	Level 1	Level 2	Level 3	Total	Transfers L1 ➡ L2	Transfers L2 ➡ L1
Financial assets						
Assets recognised at fair value through profit or loss		45		45	0	0
Derivative hedging instruments	0	20,002	0	20,002	0	0
TOTAL	**0**	**20,047**	**0**	**20,047**	**0**	**0**
Financial liabilities						
Derivative hedging instruments	0	20,319	0	20,319	0	0
TOTAL	**0**	**20,319**	**0**	**20,319**	**0**	**0**

3.3 Re-measurement surplus for rate hedging portfolios

	Fair value 31/12/2021	Fair value 31/12/2020	Change in fair value
Fair value of interest rate risk by portfolios			
of financial assets	3,003	43,169	-40,166
of financial liabilities	0	0	0

4 - SECURITIES AT AMORTISED COST

	31/12/2021	31/12/2020
Securities at fair value through profit or loss	45	45
TOTAL SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**45**	**45**
Certificates of membership of deposit guarantee funds	1,095	865
TOTAL SECURITIES AT AMORTISED COST	**1,095**	**865**

	FV of non-depreciated assets	FV of depreciated assets	Net carrying amount
Central administration	0	0	0
Credit institutions	1,140	0	1,140
Institutions not credit institutions	0	0	0
Large companies	0	0	0
Retail customers	0	0	0
TOTAL	**1,140**	**0**	**1,140**

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

	31/12/2021	31/12/2020
Accounts and loans	753,975	716,835
Associated advances	0	0
TOTAL OF LOANS AND ADVANCES TO CREDIT INSTITUTIONS	**753,975**	**716,835**

The “Loans and advances to credit institutions” entry does not include depreciation.

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

	31/12/2021		
	Gross value	Impairment	Net value
Sound advances (S1)	12,863,062	384,173	12,478,889
Sound advances (S2)	1,263,822	250,017	1,013,805
Doubtful advances (S3)	1,987,314	1,305,055	682,259
LOANS AND ADVANCES TO CUSTOMERS	**16,114,197**	**1,939,245**	**14,174,952**

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

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

	31/12/2021		
	Less than one year	More than one year	Total
Loans and advances to customers	3,271,825	10,903,127	14,174,952

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

Depreciation of loans and advances

	31/12/2020	Charges write-backs	Other	31/12/2021
Provisions on sound advances (S1)	365,313	18,580	280	384,173
Provisions on sound advances (S2)	204,248	45,934	-165	250,017
Provisions on doubtful advances (S3)	1,613,263	-309,001	793	1,305,055
DEPRECIATION OF LOANS AND ADVANCES TO CUSTOMERS	**2,182,825**	**-244,487**	**908**	**1,939,245**

7 - ACCRUALS AND MISCELLANEOUS ASSETS

	31/12/2021	31/12/2020
Miscellaneous debtors	35,647	35,570
Other	2,634	4,765
TOTAL MISCELLANEOUS ASSETS	**38,281**	**40,335**
Receivable income	10,351	19,592
Prepaid expenses	25,894	20,745
Other	27,079	38,130
TOTAL ACCRUALS	**63,324**	**78,467**
TOTAL ACCRUALS AND MISCELLANEOUS ASSETS	**101,605**	**118,802**

8 - TANGIBLE ASSETS

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

	31/12/2020	Increases	Decreases	Other	31/12/2021
Land	73,405	931	0	(0)	74,335
Computer equipment	6,538	146	(571)	4	6,116
Office equipment	13,831	350	(238)	9	13,952
Improvement to buildings	79,847	800	(1,073)	55	79,629
Right of use - property	39,133	2,408	15	45	41,602
Right of use - car fleet	3,010	973	14	(9)	3,987
Other tangible assets	59,194	11,607	(575)	(15)	70,211
GROSS VALUE OF TANGIBLE ASSETS	**274,958**	**17,214**	**(2,428)**	**89**	**289,832**
Land	12,306	1,856	0	0	14,162
Computer equipment	6,426	79	(573)	3	5,935
Office equipment	10,086	1,062	(267)	(1)	10,881
Improvement to buildings	31,310	4,534	(928)	6	34,921
Right of use - property	11,618	6,083	64	(103)	17,662
Right of use - car fleet	1,641	921	7	(6)	2,562
Other tangible assets	8,151	624	(331)	(4)	8,440
DEPRECIATION OF TANGIBLE ASSETS	**81,538**	**15,158**	**(2,028)**	**(105)**	**94,564**
PROVISION FOR TANGIBLE ASSETS	**4,723**	**759**	**0**	**0**	**5,482**
NET VALUE OF TANGIBLE ASSETS	**188,697**	**1,296**	**(401)**	**193**	**189,786**

9 - INTANGIBLE ASSETS

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

	31/12/2020	Increases	Decreases	Other	31/12/2021
Lease premium	83	0	(77)	0	5
Trademarks acquired as part of grouping	12,600	0	0	0	12,600
Set-up costs	7	0	0	0	7
Software purchased	44,351	3,239	(106)	230	47,715
Advances and deposits	0	0	0	0	0
Other intangible assets	918	0	(246)	-139	533
GROSS VALUE OF INTANGIBLE ASSETS	**57,958**	**3,239**	**(429)**	**91**	**60,860**
Lease premium	6	0	0	0	5
Trademarks acquired as part of grouping	1,353	0	0	0	1,353
Set-up costs	7	0	0	0	7
Software purchased	39,073	3,383	(61)	217	42,612
Other intangible assets	765	7	-246	-137	389
DEPRECIATION AND PROVISIONS FOR INTANGIBLE ASSETS	**41,203**	**3,389**	**(307)**	**80**	**44,366**
NET VALUE OF INTANGIBLE ASSETS	**16,755**	**(150)**	**(122)**	**11**	**16,494**

10 - GOODWILL (IN THOUSANDS OF EURO)

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

	2020	Increases	Merger	2021
Net value of goodwill	244,006	0	0	244,006

Impairment tests in 2021, pursuant to Note III 4.2 of these notes, did not result in the recognition of any additional impairment.

11 - DEBTS TO CREDIT INSTITUTIONS(IN THOUSANDS OF EURO)

	31/12/2021	31/12/2020
Ordinary demand accounts	12,703	9,300
Ordinary term accounts	12,123,608	11,331,498
Other debts	15,737	6,352
TOTAL DEBTS TO CREDIT INSTITUTIONS	**12,152,048**	**11,347,150**

12 - DEBTS TO CUSTOMERS (IN THOUSANDS OF EURO)

	31/12/2021	31/12/2020
Ordinary accounts	324,840	274,379
Special savings accounts	425,607	402,192
Term creditor accounts	0	352
Other sums due	11,054	10,469
TOTAL DEBTS TO CUSTOMERS	**761,502**	**687,392**

	31/12/2021		
	Less than one year	More than one year	Total
Debts to customers	761,502	0	761,502

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

	31/12/2021	31/12/2020
Negotiable debt instruments	50,000	50,000
Bond issues	0	0
Deposit receipts and savings bonds	0	0
Accrued interest	-8	-7
TOTAL DEBTS REPRESENTED BY A SECURITY	**49,992**	**49,993**

Negotiable debt instruments

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

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

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

14.1 - Changes in current and deferred tax assets and liabilities

Current tax assets and liabilities

	31/12/2020	Net change	31/12/2021
Current tax assets	35,684	(16,970)	18,714
Current tax liabilities	13,665	(223)	13,442
NET CURRENT TAX ASSETS	**22,019**	**(16,747)**	**5,272**

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

14.2 Origin of deferred taxes

	31/12/2021		31/12/2020		31/12/2021	31/12/2020
	Assets	Liabilities	Assets	Liabilities	Net	Net
TEMPORARY DIFFERENCES	**147,623**	**14,862**	**147,293**	**14,737**	**126,045**	**132,549**
Non-deductible provisions	132,959	0	130,734	0	132,959	130,734
Organic, employee profit-sharing	852	69	967	311	783	656
Assets and depreciation	0	0	0	305	0	(305)
Employee benefits	784	41	6,828	505	742	6,323
Regulated provisions	0	1,592	0	1,592	(1,592)	(1,592)
IAS 39 restatements	199	894	1,415	1,358	(695)	57
Other	4,040	10,193	7,350	10,673	(6,153)	(3,323)
OFFSETTING ASSETS/LIABILITIES	**(13,920)**	**(13,920)**	**(13,229)**	**(13,229)**	**0**	**0**
TOTAL DEFERRED TAXATION	**133,704**	**942**	**134,064**	**1,514**	**126,045**	**132,550**

Offsetting of assets and liabilities is performed for each entity.

15 - ACCRUALS AND MISCELLANEOUS LIABILITIES

	31/12/2021	31/12/2020
Miscellaneous creditors	119,160	99,415
Lease obligations	26,374	30,087
Miscellaneous company debts	57,984	37,800
TOTAL MISCELLANEOUS LIABILITIES	**203,518**	**167,301**
Expenses to be paid	86,071	76,262
Deferred income	3,858	3,515
Other	73,131	68,162
TOTAL ACCRUALS	**163,059**	**147,939**
TOTAL ACCRUALS AND MISCELLANEOUS LIABILITIES	**366,577**	**315,240**

Lease obligations	≤1 year	>1 year and ≤3 years	>3 years and ≤6 years	>6 years and ≤9 years	> 9 years
Property	12,602,412	5,246,916	5,217,208	1,920,260	-
IT equipment					
Car fleet	923,497	374,956	88,440		
Other					

16 - PROVISIONS

	31/12/2020	Charges	Writebacks used	Writebacks not used	Other	31/12/2021
Company commitments: pensions	31,646	3,414	(722)	(927)	637	34,047
Company commitments: service awards	2,064	48	0	(6)	(53)	2,053
Legal and tax risk	0	0	0	0	0	0
Provision for restructuring	0	0	0	0	0	0
Provisions for subsidiary risks	0	0	0	0	0	0
Provision for costs and procedural risk	2,000	2,767	0	(726)	659	11,502
Miscellaneous risks and expenses [1]	41,965	104,399	0	(61,374)	(720)	77,467
TOTAL PROVISIONS	**77,674**	**110,627**	**(722)**	**(63,034)**	**523**	**125,069**

(1) Of which €51.4 million at 31 December 2021 in respect of the Cofidis Spain customer dispute rate (see §II-2 significant events)

17 - SUBORDINATED DEBTS

	31/12/2021	31/12/2020
Subordinated securities	200,000	200,000
Associated advances	181	187
TOTAL SUBORDINATED DEBT	**200,181**	**200,187**

18 – SHAREHOLDERS' EQUITY

18. Composition of share capital

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

19 - SUMMARY OF FINANCIAL INSTRUMENT CLASSES BY ACCOUNTING CATEGORIES

at 31 December 2021 (in thousands of euro)

Financial instrument classes	Assets valued at FV through profit/(loss) (FV option)	Securities at amortised cost	Held-to-maturity assets	Loans and receivables	Derivative hedging instruments	Liabilities at amortised cost	Total carrying amount
Debt instruments	45	1,095					**1,140**
Loans and advances to credit institutions				753,975			**753,975**
Loans to customers				14,174,952			**14,174,952**
Hedging derivatives					20,002		**20,002**
Derivatives							**0**
Other advances							**0**
FINANCIAL ASSETS	**45**	**1,095**	**0**	**14,928,927**	**20,002**	**0**	**14,950,069**
Negotiable debt instruments						50,000	**50,000**
Bond issues						0	**0**
Securitisation							**0**
Accrued interest						-8	**-8**
Debts to credit institutions						12,152,048	**12,152,048**
Other debts to credit institutions							**0**
Debts to customers						761,502	**761,502**
Other debts to customers							**0**
Subordinated liabilities						200,181	**200,181**
Hedging derivatives					20,319		**20,319**
Derivatives							**0**
LOANS AND FINANCIAL LIABILITIES	**0**	**0**	**0**	**0**	**20,319**	**13,163,723**	**13,184,042**

at 31 December 2020 (in thousands of euro)

Financial instrument classes	Assets valued at FV through profit/(loss) (FV option)	Securities at amortised cost	Loans and receivables	Derivative hedging instruments	Liabilities at amortised cost	Total carrying amount
Debt instruments	45	865				**910**
Loans and advances to credit institutions			716,835			**716,835**
Loans to customers			13,051,432			**13,051,432**
Hedging derivatives				8,655		**8,655**
Derivatives						**0**
Other advances						**0**
FINANCIAL ASSETS	**45**	**865**	**13,768,268**	**8,655**	**0**	**13,777,832**
Negotiable debt instruments					50,000	**50,000**
Bond issues					0	**0**
Securitisation						**0**
Accrued interest					-7	**-7**
Debts to credit institutions					11,347,150	**11,347,150**
Other debts to credit institutions						**0**
Debts to customers					687,392	**687,392**
Other debts to customers						**0**
Subordinated liabilities					200,187	**200,187**
Hedging derivatives				50,916		**50,916**
Derivatives						**0**
LOANS AND FINANCIAL LIABILITIES	**0**	**0**	**0**	**50,916**	**12,284,721**	**12,335,637**

V. Notes to off-consolidated balance sheet items

1 - FINANCE AND GUARANTEE COMMITMENTS

The lending that the Group has irrevocably undertaken to grant to its customers, on their request (in the context of opening revolving credit facilities) amounted to €2,354 million at 31 December 2021.

In thousands of euro	31/12/2021	31/12/2020
FINANCE COMMITMENTS		
Commitments made to credit institutions	0	0
Commitments received from credit institutions	10,000	10,000
Commitments made to customers	2,354,519	2,089,188
GUARANTEE COMMITMENTS		
Guarantees, sureties, and other guarantees on the request of credit institutions	0	0
Guarantees, sureties and other guarantees received from credit institutions	16,839	28,206
Guarantees on request from customers	24,280	21,709
Guarantees received from customers	2,536,552	2,239,056

2 - TERM FINANCIAL INSTRUMENTS

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

VI. Notes to the consolidated income statement

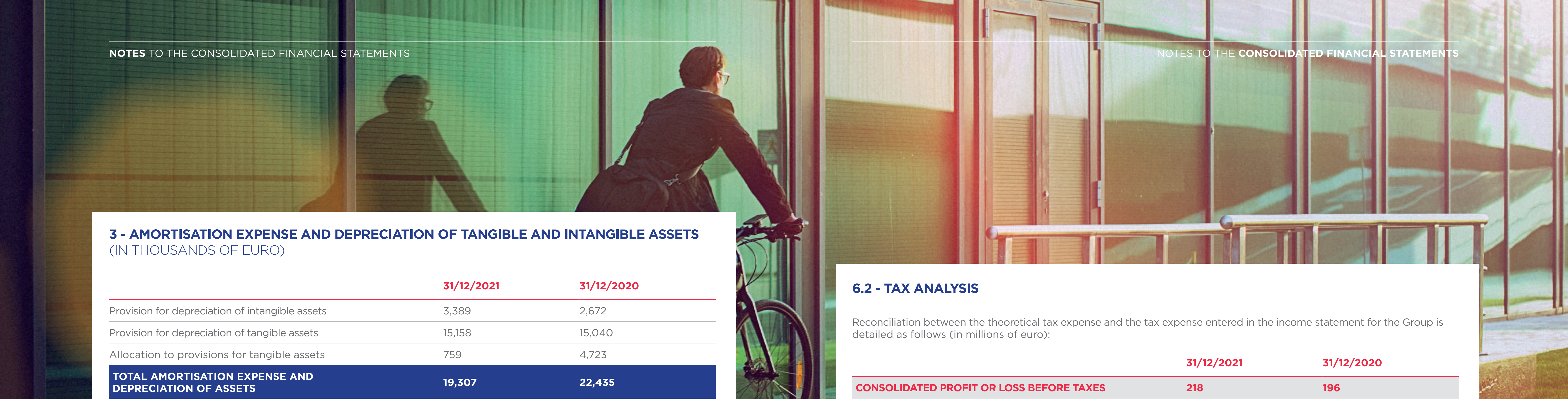
1 - NET BANKING INCOME (IN THOUSANDS OF EURO)

	31/12/2021	31/12/2020
Income from interest on advances to credit institutions	1,343	1,508
Income from interest on advances to customers	1,064,502	1,115,444
Income from interest on hedging derivatives	18,098	14,446
INTEREST AND SIMILAR INCOME	**1,083,943**	**1,131,398**
Interest expenses paid on liabilities to credit institutions	2,176	8,754
Interest expenses paid to customers	945	914
Interest expenses on debts represented by a security and subordinated debt	2,985	3,304
Interest expenses on hedging derivatives	38,343	32,870
Interest charges on simple lease contracts	345	219
INTEREST AND SIMILAR EXPENSES	**44,794**	**46,062**
Commission (income)	329,265	308,588
Commission (costs)	42,306	37,429
NET GAINS OR LOSSES ON COMMISSIONS	**286,959**	**271,159**
NET GAINS OR LOSSES ON PORTFOLIOS AT FAIR VALUE (FV) THROUGH PROFIT OR LOSS	**-68**	**-362**
Income from other activities	1,566	2,087
Costs from other activities	630	457
NET GAINS OR LOSSES ON OTHER ACTIVITIES	**935**	**1,631**
NET BANKING INCOME	**1,326,975**	**1,357,764**

2 - GENERAL OPERATING COSTS (IN THOUSANDS OF EURO)

	31/12/2021	31/12/2020
Payroll costs [1]	304,552	290,050
Taxes and duties	18,320	18,947
Other operating costs	427,026	373,384
TOTAL GENERAL OPERATING COSTS	**749,898**	**682,381**

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



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

	31/12/2021	31/12/2020
Provision for depreciation of intangible assets	3,389	2,672
Provision for depreciation of tangible assets	15,158	15,040
Allocation to provisions for tangible assets	759	4,723
TOTAL AMORTISATION EXPENSE AND DEPRECIATION OF ASSETS	**19,307**	**22,435**

4 - COST OF RISK (IN THOUSANDS OF EURO)

	31/12/2021	31/12/2020
Net provisions for depreciation	(239,841)	97,025,164
Recovery of depreciated advances	(88,994)	(118,354)
Transfer to losses	668,022	477,731
COST OF CUSTOMER RISK	**339,187**	**456,402**

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

	31/12/2021	31/12/2020
Income from asset disposals	88	38
Capital loss on asset disposals	(299)	(110)
GAINS OR LOSSES ON OTHER ASSETS	**(211)**	**(72)**

6 - TAXES (IN THOUSANDS OF EURO)

6.1 Tax expense

	31/12/2021	31/12/2020
Current tax expense	68,963	48,543
Deferred tax expense	(821)	12,341
TAX EXPENSE FOR THE PERIOD	**68,142**	**60,884**

6.2 - TAX ANALYSIS

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

	31/12/2021	31/12/2020
CONSOLIDATED PROFIT OR LOSS BEFORE TAXES	**218**	**196**
Current tax rate in France	28.41%	32.02%
Theoretical tax at current French tax rate	62.0	62.9
Effect of permanent differences	2.5	1.7
Differences in foreign tax rates	0.6	-2.6
Effect of unrecognised tax assets	1.4	5.0
Rate change	1.9	2.2
Tax on dividend		
Other	-0.5	-8.3
GROUP TAX CHARGE	**68.0**	**60.9**
EFFECTIVE TAX RATE	**31.16%**	**30.99%**

7 - AUDITORS' FEES

In thousands of euro before taxes	Total fees	MAZARS	PwC
Certification	1,183.6	610.5	573.1
Ancillary missions*	118.8	50.9	67.9
TOTAL	**1,302.4**	**661.4**	**641**
including fees paid to the statutory auditors in France to certify the financial statements:	523.2	263.2	260
including fees paid to the statutory auditors in France for services other than certification of the financial statements:	60.4	32.6	27.8

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

VII. Segment information

1 - DEFINITION OF ACTIVITY SEGMENTS

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

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

2 - SEGMENT INFORMATION BY GEOGRAPHY: DATA FROM INCOME STATEMENT (IN THOUSANDS OF EURO)

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

	31/12/2021			
	France	Southern Europe	Belgium & Eastern Europe	TOTAL
Income statement items				
Interest income	558,550	386,112	139,282	**1,083,943**
Interest expenses	29,511	8,279	7,004	**44,794**
Net banking income	675,287	494,614	157,074	**1,326,975**
Operating profit	129,592	78,584	10,407	**218,583**
Income tax	36,894	25,026	6,222	**68,142**

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

3 - SEGMENT INFORMATION BY GEOGRAPHY: DATA FROM BALANCE SHEET

	31/12/2021			
	France	Southern Europe	Belgium & Eastern Europe	TOTAL
Balance sheet items				
Loans and advances to customers	7,744,657	4,862,150	1,568,145	**14,174,952**
Loans and advances to banking institutions:	700,132	38,870	14,973	**753,975**
TOTAL	**8,444,789**	**4,901,020**	**1,583,118**	**14,928,927**

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

VIII. Employee benefits

1 - PAYROLL COSTS

	31/12/2021	31/12/2020
Salaries	201,402	193,959
Social charges	72,937	70,635
Profit sharing	14,780	10,302
Other	15,434	15,155
TOTAL PAYROLL	**304,552**	**290,050**

2 – WORKFORCE FOR THE PERIOD

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

Workforce at end of period at 31 December 2021

	31/12/2021				31/12/2020
	Managers	Supervisors	Employees	Total	Total
Women	784	352	2,494	3,630	3,597
Men	688	156	1,080	1,924	1,828
TOTAL WORKFORCE AT END OF PERIOD	**1,472**	**508**	**3,574**	**5,554**	**5,425**

Average workforce at 31 December 2020

	31/12/2021				31/12/2020
	Managers	Supervisors	Employees	Total	Total
Women	770	331	2,502	3,603	3,623
Men	680	138	1,059	1,876	1,838
TOTAL AVERAGE WORKFORCE	**1,450**	**469**	**3,560**	**5,479**	**5,461**

3 - POST-EMPLOYMENT BENEFITS - DEFINED CONTRIBUTION SCHEMES

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

4 - OTHER LONG-TERM BENEFITS

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

5 – ACTUARIAL ASSUMPTIONS

The main actuarial assumptions have been determined for each country.

The rates used to estimate the obligations are as follows:

	31/12/2021	31/12/2020
Discount rate at start of period	0.45%	0.75%
Discount rate at end of period	1.00%	0.45%
Expected rate of salary increase	2.39%	1.94%

6 – RECONCILIATION OF BALANCE SHEET PROVISIONS

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

Commitment

	31/12/2020	37,078
Current service cost		2,159
Financial cost		167
Actuarial gains and losses		736
Payment to beneficiaries		-217
Other		0
	31/12/2021	39,923

Scheme assets

	31/12/2020	5,433
Actuarial gains and losses		100
Return on scheme assets		25
Contributions to the scheme		361
Payment to beneficiaries		-42
Other		0
	31/12/2021	5,876

Provision

	31/12/2020	31,646
Current service cost		2,159
Cost/Finance income		142
Contributions to the scheme		-361
Actuarial gains and losses		637
Payment to beneficiaries		-175
Other		0
	31/12/2021	34,047

7 – FINANCIAL HEDGING OF THE SCHEME

Financial hedging of the scheme can be analysed as follows:

	31/12/2021	31/12/2020
Debt securities	4,871	4,609
Equity instruments	297	209
Property	691	605
Other	18	9

8 - SENSITIVITY ANALYSIS

Financial hedging of the scheme can be analysed as follows:

Discount rate: +0.25%	38,444
Discount rate: -0.25%	41,477

IX – Risk exposure and hedging policy

The risks incurred by Cofidis Group are those of a credit institution offering revolving, redeemable and credit card type consumer credit, in its own name or through its network of partners.

Credit operations are conducted directly through customer relations centres or Internet sites, as well as through partners. Bank and private cards are provided to customers. The internal control mechanisms in place have been gradually adapted to deliver satisfactory solutions to the challenges of controlling new risks incurred.

1 - CREDIT RISK

1.1 - General remarks on credit risks

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

1.2 - Credit risk management procedures

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

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

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

The forecasting system is based on:

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The maximum credit risk exposure accepted by the Group at 31 December 2021 is detailed as follows (in thousands of euro):

	31/12/2021	31/12/2020
Financial assets designated at Fair Value through profit or loss	45	45
Derivative hedging instruments – assets	20,002	8,655
Securities at amortised cost	1,095	865
Loans and advances to credit institutions	753,975	716,835
Loans and advances to customers	14,174,952	13,051,432
Other advances	254,024	288,550
Firm loan commitments	2,354,519	2,089,188
TOTAL	**17,558,612**	**16,155,571**

Analysis of overdue assets:

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

2 – COUNTERPARTY RISK FOR FINANCIAL TRANSACTIONS

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

Note that flows of French companies are centralised in accounts opened with the Crédit Mutuel Alliance Fédérale Group. Surplus liquidity of foreign entities is centralised preferentially, or allocated to Crédit Mutuel Alliance Fédérale Group accounts in France, or to related company accounts outside France.

Moreover, rate hedging transactions are handled with Crédit Mutuel Alliance Fédérale Group.

Potential new bank counterparties must be approved by the Crédit Mutuel Alliance Fédérale Group.

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

The Treasury Management Department of Cofidis Group is responsible for risk management related to liquidity and rates for the entire scope of Cofidis Group.

3.1 Overall interest rate risk

3.1.1 Intervention strategy

Rate risk relates to:

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

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

3.1.2 – Instruments and practices

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

The bulk of refinancing is variable rate, based mainly on EURIBOR, and variable rate based on EONIA.

3.2 - Liquidity risk

As a credit institution, Cofidis Group is structurally a borrower. BFCM, which is the sole company involved in capital markets for the Crédit Mutuel Alliance Fédérale Group, handles the operating financing requirements for companies in Cofidis Group, ensuring the Group has all the liquidity requirements needed for its business.

By its banking activity, Monabanq collects deposits and saving from its customers, capable of generating surplus liquidity. Recycling of this liquidity may be carried out as a priority within Cofidis Group, or failing that at the BFCM; recycling of savings contributes to the refinancing of Cofidis Group entities.

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

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

The details of the repayment schedule for debts at 31 December 2021 are as follows (in millions of euro):

	31/12/2021	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	31/12/2020
Bond issues	0	-	-	-	-	0
Subordinated securities	200	0	-	-	200	200
TCN	50	50	-	-	-	50
Short-medium term lines	12,136	5,027	1,618	4,194	1,297	11,336
Ordinary demand accounts	13	13	-	-	-	9
TOTAL DEBTS	**12,399**	**5,090**	**1,618**	**4,194**	**1,497**	**11,595**

3.3 - Foreign exchange risk

Group policy includes management of foreign exchange risk.

Entities borrowing currencies or converted to euros, with no foreign exchange risk on the capital borrowed from BFCM or from Cofidis SA.

Purchases in foreign currencies are limited to current operating costs. Currency positions are monitored and swiftly unwound.

4 – CONTROL OF TRANSACTIONS

At each month-end, a monitoring dashboard is prepared covering liquidity, rate, forex and counterparty risk for each entity.

It is used to formally check the compliance of transactions handled during the past month relative to objectives.

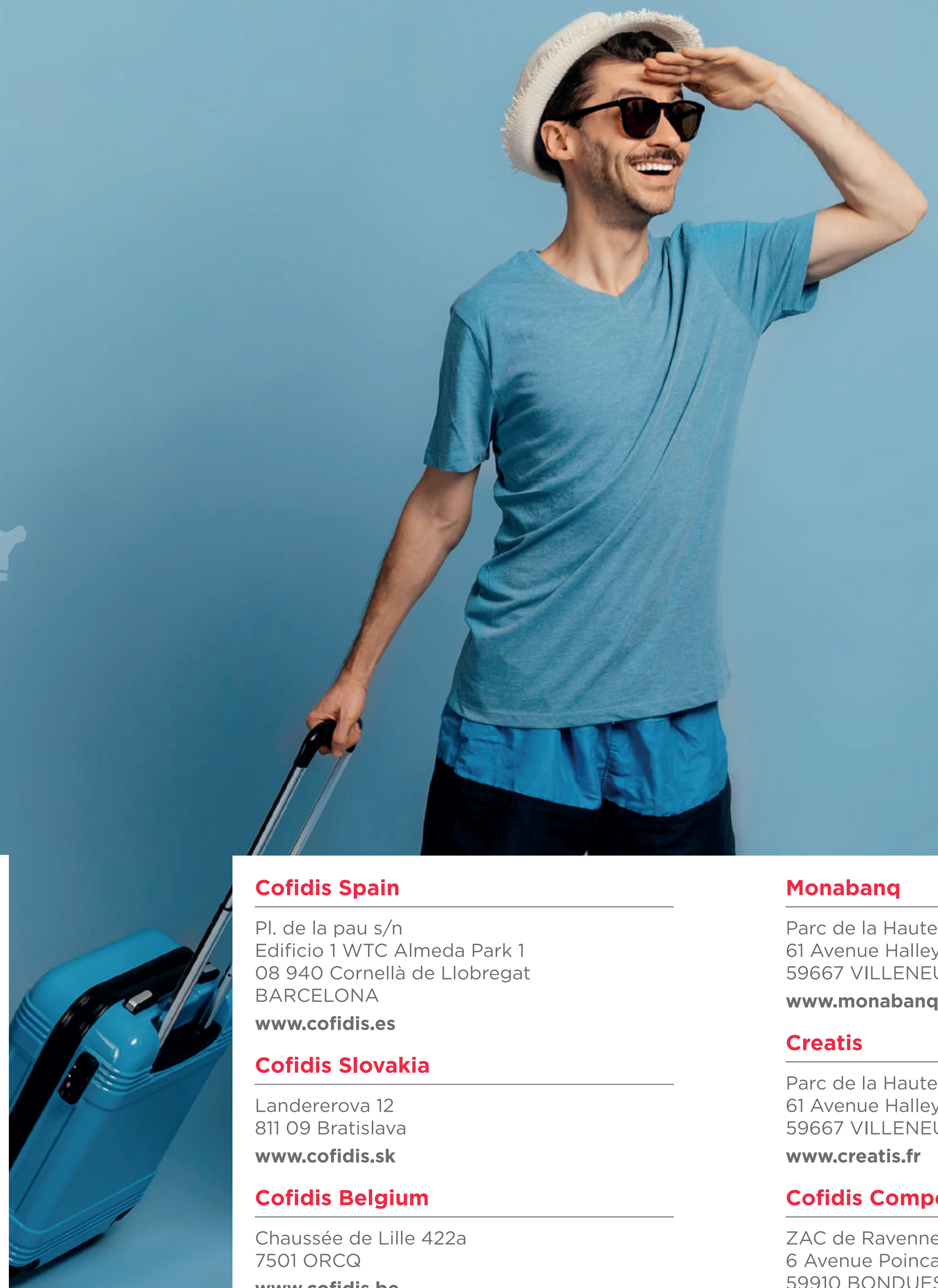
Cofidis Group is subject to alert limits and/or thresholds defined in relation to the global limits applicable within Crédit Mutuel Alliance Fédérale.

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

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

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

Our **locations**



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