

2020

Annual report 2020



BANQUE EUROPÉENNE
Crédit  Mutuel

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE'S BANK
FOR BUSINESSES AND REAL ESTATE PROFESSIONALS

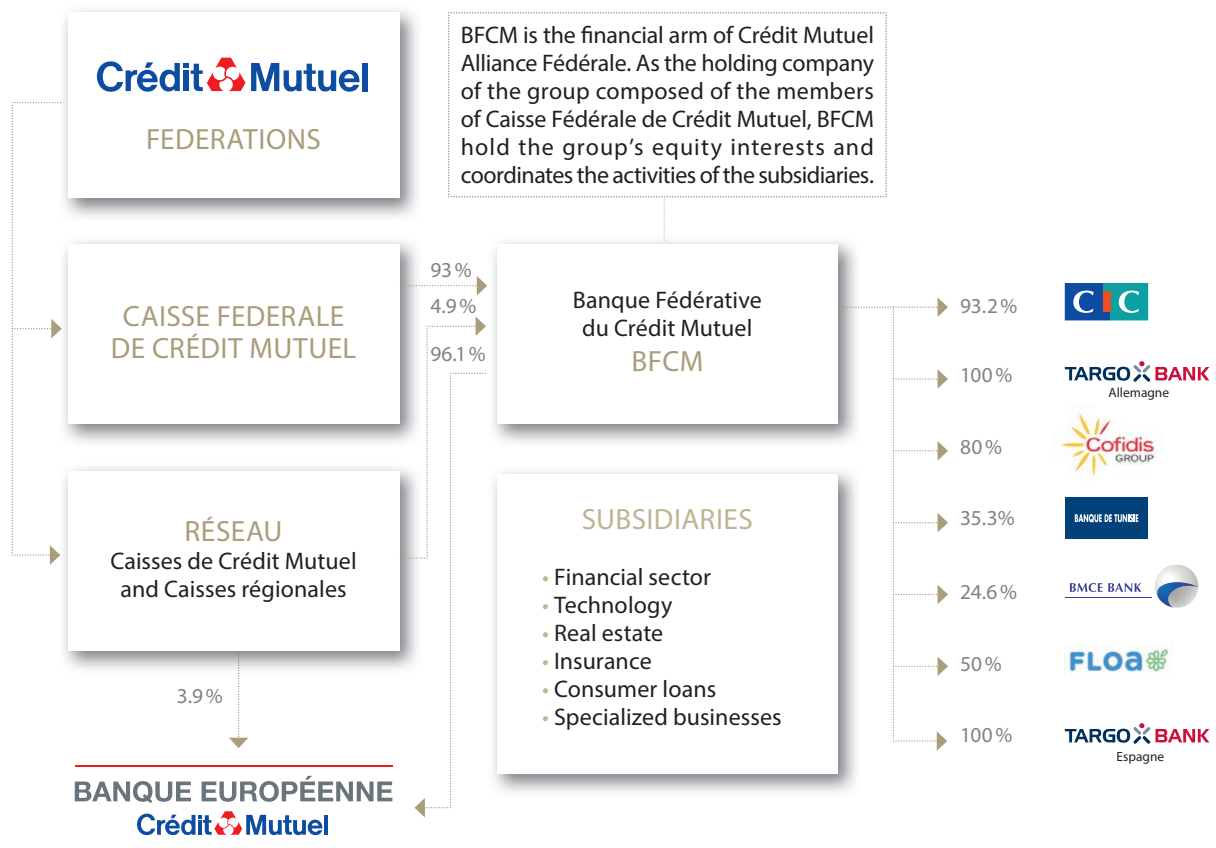


BANQUE EUROPÉENNE
Crédit Mutuel

BECM is Crédit Mutuel Alliance Fédérale’s bank for businesses and real estate professionals. Drawing on the financial strength of Crédit Mutuel Alliance Fédérale and, in particular, BFCM, BECM is a reasonably sized, largely decentralized bank that maintains close ties with its customers and offers short decision times.

BECM’s strategy is based on values of proximity, responsiveness and expertise that make it the lead bank for corporate customers within Crédit Mutuel Alliance Fédérale*.

These strengths enable it to develop lasting, personalized relationships with customers in France and abroad.



* Crédit Mutuel Alliance Fédérale: consolidated scope of the following Crédit Mutuel mutual banks: Crédit Mutuel Centre Est Europe, Sud-Est, Île de France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique et Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranée, Anjou, Antilles-Guyane and Massif Central– their joint federal mutual bank (Caisse Fédérale de Crédit Mutuel (CFCM)) – the Banque Fédérative du Crédit Mutuel, and its main subsidiaries: CIC, Euro-Information, ACM, TARGOBANK, Cofidis Group, BECM, Banque de Luxembourg, Banque Transatlantique and Homiris.

Management and supervisory bodies

at December 31, 2020

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■ EXECUTIVE BOARD

Claude KOESTNER, Chairman

Olivier CHAMBAUD

Bertrand de BUYER

Bruno LIGONNET

■ STATUTORY AUDITORS

ERNST & YOUNG et Autres

KPMG Audit



Crédit

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BANQUE EUROPÉENNE
Crédit Mutuel

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Reports and resolutions

1. Reports and resolutions



■ EXECUTIVE BOARD MEMBERS

From left to right : Bertrand de BUYER, Olivier CHAMBAUD, Bruno LIGONNET and Claude KOESTNER.

2020 WAS A YEAR OVERSHADOWED BY THE EPIDEMIC

The unprecedented health crisis had a significant impact on the global economy in 2020. The pace of economic activity was affected by coronavirus infection trends throughout the year. The strict lockdown measures implemented in many countries during the first half of the year caused a shutdown of operations and a powerful shock to global growth. While growth rebounded when the lockdowns were lifted, the difficulty in controlling the epidemic without a medical solution meant that some countries were forced to impose new restrictions during autumn. Against this backdrop, states and central banks together intervened massively, putting in place fiscal support plans or ultra-accommodative monetary policies to support businesses and households. The launch of vaccination campaigns, the improvement in political visibility with the election of Joe Biden in the United States, the Brexit agreement and the approval of the European recovery plan provided some glimmer of hope at the end of the year.

STATES AND CENTRAL BANKS SUPPORTED ECONOMIES IN DEALING WITH THE EFFECTS OF THE PANDEMIC

In the Eurozone, the first lockdown resulted in a sharp fall in activity and an unparalleled recession in the first half of the year. While growth rebounded very strongly when lockdown measures were lifted during the summer, the improvement was short-lived. The return of the epidemic in the autumn led to increased health restrictions until the end of the year. European economies succeeded in adapting to these restrictions. The impact was much lower than during the spring, with a more pronounced decoupling between the various business sectors. To limit bankruptcies and layoffs, governments introduced

exceptional budget support, including emergency measures and unprecedented cooperation between member countries. The approved €750 billion intra-European stimulus plan comprised loans, subsidies and common debt. However, these measures will inevitably increase public debt. For this reason, the European Central Bank implemented an enhanced ultra-accommodative monetary policy to limit the impact on interest rates. The pandemic emergency purchase program (PEPP) was introduced and increased several times to ensure very favorable financing conditions and guarantee liquidity for banks and investors.

In the United States, the health measures put in place in the first half of the year were less strict than in the Eurozone, leading to a smaller economic dip. However, the health situation varied significantly between states within the US, and several successive waves of infection required the maintenance of restrictions. The US economy proved surprisingly resilient, with aid to households and companies playing a crucial role. The first massive stimulus package approved in the spring (more than \$3,000 billion, or about 15% of GDP) continued to have an impact on the economy until the fourth quarter, thanks to consumption driven by the effect of the increase in household incomes. However, given the gradual dissipation of this fiscal support and the risk of a renewed slump in growth after a fresh outbreak of the epidemic following the holidays, the US Congress approved a new stimulus package of \$892 billion in December. The Fed also provided historical monetary support with a cut in its key interest rates (-150bp to [0%; 0.25%]), massive asset purchases and new programs to finance companies and local authorities. Although it did not have to further ease monetary policy in the second half of the year, the Fed indicated it would maintain support for as long as necessary.

As the first country affected by the epidemic, China gradually resumed its position as the engine of global growth on foot of effective management of the health crisis and an increase in global demand. A gradual return to normal enabled China to return to its pre-crisis GDP level from the second quarter and it closed the year on a positive growth rate. The country also helped support the industrial sectors of developed countries and its neighbors, including the member countries of the new Asia-Pacific free trade agreement, RCEP, which was signed in mid-November. In other emerging countries, control of the epidemic remained very difficult. However, the health restrictions put in place weighed less heavily on their economies than in developed countries. Although not all benefited equally from Chinese momentum, emerging countries were spurred on by renewed confidence in the second half of the year, stronger fiscal support and the recovery in commodity prices.

After a very sharp fall until April, due to the temporary slump of the US benchmark WTI into negative territory, pressure on storage capacities and a collapse in demand, oil prices recovered. This recovery was driven by the gradual reopening of economies and a sharp reduction in global production. Buoyant demand in Asia, and especially in China, contributed to the sharp rise in Brent prices at the end of the year, which settled at around \$50 per barrel. This rise was mainly due to a decision by OPEC+ (OPEC + Russia) to durably support prices and show flexibility in its production cuts.

2020 BROUGHT IMPROVED VISIBILITY IN TERMS OF INTERNATIONAL POLITICS

In the US, Democrat Joe Biden won the presidential election. The Democratic Party retained its majority in the House of Representatives before finally winning the Senate following the elections in Georgia on January 5, 2021. Joe Biden aims to focus as a priority on dealing with the epidemic, approving a new stimulus plan, massive investments in infrastructure and the fight against global warming. Internationally, the focus is on reducing trade risks, particularly with developed countries. China will remain central to Washington's foreign policy.

In Europe, after a year of chaotic discussions that could have led to the United Kingdom crashing out of the European Union, an agreement was reached on December 24th, seven days before the end of the Brexit transition period. In order to approve a free-trade treaty on goods to avoid customs tariffs, London and Brussels made compromises on sticking points, such as fishing and the maintenance of a level playing field. However, several factors dampened the positive impact on the pound sterling. Border controls will remain necessary, the agreement does not cover services, and the arrival of a new variant of Covid-19 has forced the country to resume lockdown measures. The economic and logistical cost will be significant for the UK and for businesses.

IN FRANCE, A HISTORIC RECESSION AGAINST THE BACKDROP OF THE EPIDEMIC

In France, the lockdown measures put in place from March 17th led to a sharp fall in GDP in the first half of the year. France was

one of the worst hit among the Eurozone countries in terms of growth due to a longer period of lockdown, which resulted in a loss of activity of around 30% in April. The lifting of lockdown from mid-May and the government support measures enabled growth to rebound very strongly during the summer. To preserve employment and household purchasing power and limit bankruptcies, the government introduced short-time working, government-guaranteed loans and solidarity funds, pending the rollout of a €100 billion stimulus plan designed to prepare the way for the post-crisis period. However, this economic upturn was cut short in autumn when the sharp resurgence in the epidemic, followed by renewed health restrictions, led to a second lockdown at the end of October. While this was less detrimental for business than the first lockdown (12% loss of business activity in November), certain sectors, such as services, were badly hit. The decline in the rate of new cases of Covid-19 has not been as strong as expected, which has caused a delay in the reopening of certain activities after the lifting of the lockdown on December 15th.

François Duhen

Chief Economist & Strategist, CIC Market Solutions

Finalized on January 20, 2021

BANQUE EUROPÉENNE DU CRÉDIT MUTUEL (BECM)

BECM is the Crédit Mutuel Alliance Fédérale subsidiary that serves regional economies and the Crédit Mutuel brand that serves businesses and real estate professionals. It operates in these markets in tandem with the Crédit Mutuel Alliance Fédérale federations. BECM offers innovative services and solutions to economic players in the regions.

It is present in France and Germany. It supports its customers with all their needs through a sales network consisting of 55 branches and 431 employees.

By market, the BECM network consists of:

- 37 branches in the corporate market in France and Germany,
- 16 branches in the real estate professionals market,
- 2 specialized branches dedicated to retail market niches.

By region, the BECM network consists of:

- 47 branches in France,
- 8 branches in Germany.

It has one subsidiary in Monaco, BECM Monaco, which mainly covers the retail market.

On the corporate market, BECM offers all companies in France technical expertise and added value for an augmented customer relationship, whether face-to-face or online. Employees have specific skills to help customers implement their strategy at each stage of their development.

In France, BECM's customers are small, medium and large companies, to which it offers financing and savings solutions as well

as the products and services of the Group's business line subsidiaries, under the Crédit Mutuel brand, in all areas related to the corporate market.

In Germany, BECM operates in two corporate customer segments:

- large German companies, to which it offers the financial strength, also recognized in Germany, of Crédit Mutuel Alliance Fédérale,
- German subsidiaries of French groups and German companies operating in France, to which it offers tailored services based on its in-depth knowledge of local markets.

In the real estate market, BECM is involved in financing and equipping real estate developers, land developers and property traders in France and financing real estate companies and investors in France and Germany.

BECM is a key partner of real estate developers in France involved in the financing of new housing programs, in particular. It also supports private developers and property traders.

Through its knowledge of the markets and operators, it plays a key role in the real estate value chain. In particular:

- it helps Afédim, the real estate agency of Crédit Mutuel Alliance Fédérale, to obtain real estate listing contracts;
- it contributes to the development of the remote surveillance business through Euro Protection Surveillance (Homiris) by bundling it into financed programs; and
- it supports home loan production through the Group's retail networks.

With a dedicated team in Paris and Frankfurt specialized in real estate investment in France and Germany, BECM supports French and German real estate companies in their financing needs for commercial and business rental properties.

In 2020, BECM opened a branch for corporate customers in Clermont-Ferrand to accompany the arrival of the Crédit Mutuel Massif Central federation in Crédit Mutuel Alliance Fédérale.

With the incorporation of the Crédit Mutuel Antilles-Guyane federation into Crédit Mutuel Alliance Fédérale, BECM also expanded its organization in the corporate market in the West Indies and closed its branch on the Dutch side of Sint-Maarten. Having laid the foundations for its presence in the French West Indies, in early January 2021 it opened a branch in Martinique and a branch in Guadeloupe.

These new branches round out the bank's presence in the regions of Crédit Mutuel Alliance Fédérale.

A HEALTH CRISIS THAT HAS PROFOUNDLY MARKED 2020

The exceptional and unprecedented crisis caused by the coronavirus pandemic profoundly marked 2020 for BECM and for the entire Crédit Mutuel Alliance Fédérale group.

Its priorities were to protect employees and support its customers as locally as possible.

To protect employees and ensure continuity of services for its customers, BECM immediately organized remote working on a crisis basis and rolled out its Emergency and Business Continuity Plan (EBCP) with the cooperation of the branches.

The equipment and organizational choices made by BECM in previous years gave it an advantage in tackling the challenges of remote working:

- A high level of equipment in laptops, which the bank supplemented in 2020. All employees had a laptop and a secure remote connection;
- All sales staff were equipped with a smartphone;
- Widespread use of videoconferencing internally and with customers;
- Outsourcing of workflows to CCS for all corporate branches in France, securing processes and increasing the quality and fluidity of administrative processing;
- A decentralized organization with a high level of delegated decision-making for credit approval; and
- A corporate culture based on responsibility at ground level and broad autonomy.

The commitment and exceptional dedication shown by BECM's employees, including during the strict lockdown period, were key factors in our ability to support customers and help protect the economy and employment in the regions.

Payments related to equipment and real estate leasing contracts and medium- and long-term repayment loans issued to companies and real estate investors by BECM were suspended on request at no charge and with no penalties until the end of September 2020. Beyond that period, new repayment deferral measures were offered to companies that needed them.

BECM also implemented the support measures introduced by the public authorities on behalf of its customers as quickly as possible. As a result, €1.1 billion in government-guaranteed loans were released in 2020. Loan approval limits were adapted to respond quickly and effectively to requests for government-guaranteed loans.

The unprecedented coronavirus crisis has shown, more than ever, the usefulness of a regional presence and agile action in supporting customers through this period.

In Germany, all employee protection measures were transposed in a relevant manner consistent with the provisions adopted by the German authorities. In this context, BECM postponed its plan to open branches in Berlin and Essen until 2021.

The health crisis has also transformed customer behavior and the relationships they have with their bank. BECM is continually adapting to the new expectations of its customers, showing greater proximity and responsiveness, even remotely.

The health crisis also affected the volume of BECM's activities, with strong growth in loans and even stronger growth in customer deposits, as well as its financial results, which remained solid despite everything, confirmed by a significant recovery in the fourth quarter of 2020.

CUSTOMER ACTIVITY AND FINANCIAL RESULTS

Activity remained strong in terms of deposits, which were exceptionally inflated due to several periods of no investment by companies and the anticipation of a lasting crisis, and in terms of loans, which were driven by cash flow loans (government-guaranteed loans).

LOANS

Outstanding loans net of provisions increased by 8.8% to €17,251 million. This increase of €1,398 million includes €1,140 million in government-guaranteed loans.

Investment loans grew by 5.1% to €10,773 million, representing 62.5% of net loans.

Cash flow loans increased by €1,033 million to €2,736 million, including €1,140 million in government-guaranteed loans, and representing 15.9% of net loans.

Loans to real estate developers and property traders rose by 4.2% to €1,426 million, representing 8.3% of net loans.

Gross non-performing loans and loans in litigation amounted to €297.6 million, a decrease of €20.5 million. Provisions fell by 3.2% to €186.4 million.

At the end of 2020, the non-performing loan ratio stood at 1.7% and the coverage ratio at 62.6%.

Off-balance sheet commitments to customers rose by 12.4% to €7,301 million and consisted mainly of undrawn confirmed credit lines.

Guarantees on behalf of customers rose by 3.6% to €4,484 million and comprised €2,866 million in completion guarantees, which form part of the financing of real estate development, and guarantees given in connection with the activities of the group's subsidiaries, in particular Crédit Mutuel Leasing, Crédit Mutuel Real Estate Lease and Crédit Mutuel Leasing GmbH in Germany.

RESOURCES

Customer deposits rose by 12.9%, or €2,204.8 million, to €19,244.5 million.

This increase of €2,205 million compares with an increase in loans of €1,398 million, showing a reduction in the financial gap of €807 million.

At December 31, 2020, bank deposits exceeded loan drawdowns by €1,993.5 million.

Term deposits increased by 12.7% to €10,030 million and, like last year, accounted for 52% of customer deposits.

Current accounts in credit increased by 28.3% to €8,244 million, representing 42.8% of customer deposits, compared with 37.7% at the end of 2019.

Unregulated passbook accounts and German Tagesgeldkonto accounts were down 44.6% to €937 million and accounted for 4.9% of customer deposits compared with 9.9% at the end of 2019.

Off-balance sheet guarantees received from customers amounted to €1,103.3 million, of which €1,018 million corresponded to counter-guarantees received from BPI (on behalf of the State) in relation to government-guaranteed loans.

FINANCIAL RESULTS

At €167.7 million, the interest margin was down 2.7% compared with December 31, 2019.

The rate of return on customer loans was 1.28%, down 11 basis points, due in particular to government-guaranteed loans and the 6-basis points decrease in the return on investment loans to 1.32%. After restatement for government-guaranteed loans, the return on customer loans was 1.33%, down 6 basis points.

The cost of customer deposits was stable at 0.07%.

Income from transactions with customers rose by €1 million to €209 million.

Net income from treasury operations was down by €8.1 million, which is the main explanation for the fall in the interest margin.

Income from hedging transactions fell by €0.8 million to €7.6 million. There were no new interest rate hedging contracts in 2020.

The margin rate was 0.98% compared with 1.14% in 2019, a decrease of 16 basis points.

Other components of net interest income, at €60.7 million, show a decrease of 11.1%.

Net commitment and non-utilization fees, at €26.7 million, were up 3.7%.

Commissions on guarantees fell by 15.5% to €24.3 million. Real estate development accounted for 78% of these fees while commission income on completion guarantees was down 19.7% to €18.9 million.

Commitment and risk fees on equipment leasing, real estate leasing, factoring and documentary credits were stable at €5.1 million.

Net commission income fell by 2.2% to €70.6 million.

Commission income on accounts fell by 4.4% to €19 million.

Commission income on loans fell by 2.1% to €25.1 million. In the French corporate market, commission income on loans rose by 26% to €11.9 million. Commission income on real estate companies in France rose by 16.5% to €7.6 million. Commission income on real estate development rose by 16.5% to €5.2 million.

Commission income on electronic payments fell by 15.5% to €7.9 million.

Service fees rose by 6.8% to €10.5 million. Service fees relating to the French corporate market fell by 2.7% to €8.9 million. In Germany, they increased sharply to €0.8 million, including €0.5 million in custody fees invoiced to term accounts since October 2020.

Gains on the trading portfolio fell to €0.7 million. They primarily consisted of foreign exchange transactions in France.

Other net operating expenses rose by €0.5 million to €1.7 million.

Net banking income (NBI) fell by just 5.1% to €300.8 million. Despite the effects of the crisis, the efforts made by all and the efficiency of BECM's business model, based on two pillars, businesses and real estate professionals, enabled it to produce resilient net banking income and a higher contribution to NBI from the real estate market.

General operating expenses fell by 3.2% to €97.4 million. These expenses were strictly managed and reflect investment choices that favor people and technology. Net employee benefit expenses rose by 2.7% to €47.7 million. Transport and travel expenses fell by a sharp 50% to €1.1 million. Taxes and duties on financial institutions rose by 12.8% to €15.9 million.

At 32.4%, the cost/income ratio deteriorated slightly by 63 basis points but remained low.

Gross operating income fell by 6% to €203.4 million.

Net additions to/reversals from provisions for loan losses for proven risks came to €58.8 million, an increase of €23.1 million.

The ratio of net additions to/reversals from provisions for loan losses for proven risk to gross operating income rose by 12.4 points to 28.9%.

Net additions to/reversals from provisions for loan losses for proven risks on gross loan outstandings came to 0.34%, an increase of 11 basis points.

Profit before tax came to €144.6 million, a decrease of 20%.

Net profit fell by 19.1% to €95.5 million.

■ AN INCREASE IN EQUITY

Each year, BECM must comply with a capital adequacy ratio that is consistent with the increase in its risks (on- and off-balance sheet credit risks and operational risks).

At December 31, 2020, BECM had a CET1 (Common Equity Tier 1) ratio of 11.37% and a leverage ratio of 4.82% (excluding transitional provisions).

■ RESPONSIBLE HUMAN RESOURCES MANAGEMENT

In 2020, Crédit Mutuel Alliance Fédérale's human resources policy was recognized through several key awards: Crédit Mutuel was named Best Employer in the banking sector by Statista and Capital, while Targobank in Germany was certified as a "Top Employer" in Germany.

Since 2017, Crédit Mutuel Alliance Fédérale has adopted a common status for its employees in France, which helps to develop

the corporate culture, strengthens the social pact and protects all employees. It makes it possible to work better together by ensuring all employees enjoy the same benefits and broadens opportunities for mobility and career development.

BECM's compensation policy is based on the following principles:

- no links between risk-taking and variable compensation,
- individual increases based on performance, skills development and scope of responsibility,
- increases decided on a decentralized basis by branch and unit managers, and
- increases based on loyalty, commitment, job competence in a team setting and the ability to be involved in the development of activities that help BECM move forward.

By being open to its employees, their aspirations and their proposals, BECM strives to promote a community of interests that strikes the best possible balance between business requirements and individual satisfaction.

At December 31, 2020, BECM had 360 employees in France, including 353 under permanent contracts and seven under fixed-term contracts. This included 192 women and 168 men. In 2020, 33 new hires (29 permanent and four fixed-term contracts) were recorded, including 14 new hires and 15 transfers from other Crédit Mutuel Alliance Fédérale entities. There were 29 departures (28 permanent contracts and one fixed-term contract), including in particular eight retirements and 10 transfers to other Crédit Mutuel Alliance Fédérale entities.

The employee workforce in Germany at December 31, 2020 was 68, comprising 29 women and 39 men.

The professional equality index, which mainly measures the gender pay gap, stood at 80 in 2020.

The health crisis disrupted the schedule of training sessions, which led to intense work to convert modules that were previously held face-to-face into remote modules. This was undertaken by Cap Compétence, Crédit Mutuel Alliance Fédérale's internal training organization, with a view to reducing logistics issues (room reservations, travel by facilitators and participants) relating to health measures and regulatory standards.

Priorities were established, focusing in particular on regulatory training and other training courses (Corporate Branch Managers, Corporate Account Executives, Real Estate Professionals) enabling employees to pursue their professional development.

Training therefore was able to continue throughout the year.

■ A POWERFUL AND MOTIVATING PURPOSE: "LISTENING AND ACTING TOGETHER"

Since its creation, Crédit Mutuel Alliance Fédérale has set itself apart through a modern and innovative mutualist approach. Its values of democracy and solidarity and its social and environmental engagement make it a recognized civic-minded bank.

BECM, as a subsidiary, is fully committed to these values and commitments.

Like Crédit Mutuel Alliance Fédérale, in 2020 BECM adopted a purpose, “listening and acting together”, three unifying words that affirm Crédit Mutuel Alliance Fédérale’s identity and values and mobilize its expertise and energy around a common dynamic.

Together, because BECM is an organization in which all employees, technicians, managers and senior executives work with the same goal: to serve customers.

Listening, because BECM is open and attentive to the needs of its customers and to major changes in the world, and because it wants to balance each person’s interests with everyone’s success.

Acting, to transform the collective strength and innovative spirit of its employees into action in order to ensure that the banking and insurance activities support the life events and aspirations of each and every corporate and real estate professional customer.

By adopting this purpose, Crédit Mutuel Alliance Fédérale is once again asserting its uniqueness.

■ SOCIAL AND MUTUALIST RESPONSIBILITY

Social and mutualist responsibility (SMR) is part of the DNA of Crédit Mutuel Alliance Fédérale. Its aim is to achieve a balance between sustainable development, ethics and rational economics.

BECM strives to be a responsible player:

- at the economic level, to support and boost the economy and regions through a local presence and responsible management,
- at the workforce level, to develop human resources management that promotes employment, training and the professional development of employees,
- at the environmental level, to adopt environmentally-friendly behaviors and implement responsible policies in relation to the mining, coal and unconventional oil production sectors. Crédit Mutuel Alliance Fédérale is the leading bank in France in the decarbonization of the economy,
- at the civic level, to promote work for the common good, for instance by supporting melanoma research in partnership with the skin cancer unit of the Gustave Roussy Institute in Villejuif, or to promote such values as respect for history and responsibility, by supporting customers through the partnership between CIC and the Hôtel National des Invalides (Musée de l’Armée) in Paris.

BECM’s businesses also enable it to take action tailored to its customer base.

Since the end of 2018, BECM has marketed a range of “Transition” financing products that covers:

- environmental protection with the “Energy Transition Loan” to support companies’ transformation in favor of a more responsible economy,

- corporate social responsibility with the “CSR Transition Loan”, which covers all practices implemented by companies to ensure adherence to the principles of sustainable development in all areas (social, environmental and economic),

- the digital transition with the “Digital Transition Loan”, a growth lever to help companies transform their business model through digital technology.

Through these types of loans, BECM encourages its customers to take action in support of sustainable development, at both the environmental and social level, and can help its customers to act responsibly in line with its own commitment to social and mutualist responsibility.

In September 2020, BECM participated in the “Eco clean up week” campaign led by Crédit Mutuel Alliance Fédérale during European Sustainable Development Week. The aim was to reduce its digital footprint by deleting unnecessary or obsolete files and emails. It forms part of Crédit Mutuel Alliance Fédérale’s goal to reduce its carbon footprint by 30% as part of the 2019-2023 Strategic Plan.

In 2020, BECM also continued its policy of limiting the number of printers and printing needs, both internally and with customers. Paper purchases for support functions are made from companies that employ disabled workers.

Crédit Mutuel Alliance Fédérale took part in the PAP50 Barometer of the paper policies of the 50 largest banks and insurance companies conducted by Riposte Verte, and came fourth in the ranking and first among the banks. The criteria included paper consumption, the percentage of sustainable paper purchases and recycling.

■ A REVISED STRATEGIC PLAN, ENSEMBLE#NOUVEAUMONDE, PLUS VITE, PLUS LOIN (TOGETHER#TODAY’S WORLD, FASTER, FURTHER!)

In 2018, Crédit Mutuel Alliance Fédérale established its new 2019-2023 Strategic Plan entitled “ensemble#nouveau monde plus vite, plus loin !” (*together#today’s world, faster, further!*), which reflects a commitment to development and profound transformation to take account of the increasing pace of changes in society, in customers’ behavior and in their expectations of a smooth and easy relationship with their bank.

The crisis has accelerated growth in remote usage, and increased the need for close relationships and proactive account managers.

It has raised questions about the sustainability of our economy, which could lead to a social crisis, and has increased the sensitivity and expectations of customers and employees regarding environmental and societal action.

The crisis has confirmed a need to combine the security and protection of customer data together with growing expectations of adaptation and responsiveness.

This leads to increased risks on top of ever-increasing regulatory and competitive pressures.

Because Crédit Mutuel Alliance Fédérale wants to deal with the crisis as lucidly as possible, in order to reassess its choices and regain momentum without delay, it decided immediately to draw lessons from the health crisis and its consequences in order to be as effective and useful as possible and to go faster and further.

For the revised strategic plan, the three priorities that are more relevant than ever have been renewed and strengthened:

- be a benchmark customer-focused bank in an omnichannel world,
- be a committed bank adapted to the new world,
- be an innovative multi-service bank.

Crédit Mutuel Alliance Fédérale has added a fourth priority which entails using its sound financial position to develop its mutualist model. The Group's soundness and profitability are two major advantages that determine its investment and long-term development choices. As a bank owned by its customer-members and underpinned by the trust they place in it, Crédit Mutuel Alliance Fédérale retains all its profits within the business to better build the future. Both Crédit Mutuel Alliance Fédérale and BECM aim to put the crisis behind them by restoring their main financial indicators to the record levels seen in 2019 by 2023 at the latest.

For BECM, moving faster and further in customer relations based on trust and proximity means guaranteeing each customer an attentive customer relationship manager who is close to their needs, including via remote communications.

Videoconferences have become an everyday tool, and this is set to continue as they save valuable time for customers and account managers, even though it is obviously also essential to interact with customers face-to-face at important moments in the relationship.

Remote banking tools have been refined and enhanced with new features, with the aim of giving customers greater autonomy. The use of electronic signatures is now widespread, saving time for teams and speeding up their operations across all communication channels.

This proactivity is accentuated by the DCOM tool on the corporate business. This tool helps to enhance the customer experience by increasing the time spent on advice, at the right level and at the right time.

BECM has chosen to continuously optimize its local branch network so as to contribute to the development of all Crédit Mutuel Alliance Fédérale's regions, with the goal of maintaining close ties with its customers and accelerating its development in areas with high potential.

In 2019, BECM decided to expand its presence in the real estate developer market by setting up a fully-fledged branch in Annecy. Eighteen months later, this branch had opened successfully, contributing to the bank's results and operating in tandem with both the Crédit Mutuel Savoie Mont Blanc federation and the

real estate subsidiaries in the various sectors. Proximity to the team based in Annecy is widely appreciated by professional real estate clients in Savoie and Haute-Savoie and has favored the development of the bank's activities in these areas.

To support the two Crédit Mutuel federations that joined Crédit Mutuel Alliance Fédérale on January 1, 2020, BECM opened a corporate branch in Clermont-Ferrand in September 2020 and then on January 1, 2021 it opened corporate branches in the French West Indies.

In Germany, BECM decided to extend its network by opening two corporate branches in Berlin and Essen in 2021, which will allow it to speed up the diversification of its activities:

- in Essen, where potential customers comprise 150 groups with revenue of more than €100 million in one of the most powerful economic regions in Germany, and
- in Berlin, where potential customers comprise 100 groups with revenue of more than €100 million.

BECM made the organization for marketing the multiservice offering even more efficient, particularly in terms of telephone and vehicle fleets for companies, and for corporate banking and insurance, which is a major objective of the revised Strategic Plan.

Training and tools have been developed and an expanded range delivered by the ACM for the business lines.

With the ACM, BECM will go further in strengthening its corporate banking and insurance approach, notably in 2021 with social protection via a packaged offer in group insurance and group health insurance, and the marketing of insurance for automobile fleets.

BECM strengthened its commitment to all its customers during the crisis in order to go faster and further by combining efficiency and sobriety, and by investing wherever it could make a difference. This care for its customers is reflected in the suspension of payments between March and September 2020, the proposal of payment deferrals, and the examination of applications for government-guaranteed loans.

To help it become the leading banking group in environmental and social matters, BECM works both internally and with its customers. Internally, it is taking action to reduce its carbon footprint and improve quality of life in the workplace. For customers, BECM is improving the visibility of its transition loan range for impact loans granted in 2019 and 2020, in France and Germany.

To increase collective efficiency and ensure the longevity of the mutualist model, BECM continuously improves and simplifies its organization and working methods to make more time for customer relations. The pooling of resources in Germany with Targobank Germany is being increased while the sharing of technical sales staff in France in the area of equipment leasing is being expanded across the Group's banking networks.

For BECM, moving faster and further in the mobilization of its innovative capabilities to serve all its customers means strengthening customer focus in the management of IT projects.

The priorities selected following the Simplification Hackathon held at the end of December 2020 will be rapidly developed and made available to account managers, to free up time for marketing activities and availability for customers.

A VOC (“voice of the employees”) tool has been integrated into pilot applications since mid-2020, giving everyone the opportunity to express their opinion on the quality of the applications. With VOC, employees can systematically provide feedback on IT projects, helping to make advances and improve the customer experience.

Also effective is the Hub Business Solutions remote banking IT services portal, a set of functionalities that allows customers to interact with their account manager and add cash management modules.

An illustration of the desire to build an ecosystem of long-term partnerships for new services in BECM’s market for business and real estate professionals is the long-term partnership with Bouygues Telecom, which is an opportunity to offer business customers new communication services at the cutting edge of innovation. BECM customers will be able to benefit from this technology and know-how for their telephone inventories.

The strong and evolving partnership with IBM in the development of cognitive solutions is set to take off in the corporate market over the next few years, drawing on the experience accumulated on the consumer market. The tools should very quickly be able to meet the specific and sometimes highly specialized needs of business customer relationships.

To ensure we can maintain our technological lead in development, security and data protection, the Crédit Mutuel Alliance Fédérale operating system is based on efficient, secure and scalable infrastructures that guarantee digital privacy to customers.

Crédit Mutuel Alliance Fédérale has stepped up its investment in a dedicated private cloud hosted in France and in new data centers based in France which adhere to the highest environmental and safety standards.

Crédit Mutuel Alliance Fédérale does not market its customer data. BECM seeks to highlight these differences in the security and confidentiality of personal data to customers who are concerned about this guarantee of digital privacy.

This confidence in technology and innovation, driven by committed teams, enables BECM to pursue its goal of performance and solidity.

BECM EQUITY INTERESTS

At December 31, 2020, total shareholdings in subsidiaries and other equity interests stood at €13,718,681.75, of which €12,642,900 related to the Monaco BECM subsidiary. For fiscal year 2020, Banque Européenne du Crédit Mutuel Monaco posted net profit of €2,648,344.16.

The SNC Foncière du Crédit Mutuel subsidiary acts as a property dealer in managing security related to cases in dispute or litigation. It posted a loss of €9,179.32 for the period.

FINANCIAL STATEMENTS (by month-end balance)

CHANGE IN ACCOUNTING METHOD

Since 2020, the portion of regulated savings products (livret bleu, livret A, LDD and LEP) that is centralized by the Caisse des dépôts et consignations, i.e. €2.1 million in 2020 versus €2.5 million in 2019, has been presented under liabilities as a deduction from total regulated savings deposits by customers (€4.5 million in 2020 versus €5.3 million in 2019). This was not the case in the 2019 financial statements.

MANAGEMENT OF FINANCIAL RISKS

Crédit Mutuel Alliance Fédérale’s ALM technical committee manages the Group’s interest rate, foreign exchange and liquidity risks and, therefore, those of BECM. As part of overall asset and liability management, the duration and type of refinancing is decided according to asset/liability management rules, particularly in terms of transformation and interest rate risk and regulatory ratios.

As the central treasury function, BFCM ensures that the Group’s entities have sufficient liquidity, which means that BECM bears no liquidity risk of its own.

BALANCE SHEET

Total assets at December 31, 2020 amounted to €27.3 billion compared with €24.4 billion in 2019 (+11.6%).

LIABILITIES

Interbank transactions amounted to €5.5 billion and consisted almost exclusively of refinancing activities with BFCM.

Customer deposits, which rose by 13.0% to €19.2 billion (including accrued interest), consisted mainly of term deposits (€10.0 billion), customers’ current account credit balances (€8.2 billion) and savings accounts (€0.9 billion).

The fund for general banking risks (FGBR) amounted to €200 million.

Total shareholders’ equity and reserves (including FGBR and profit), was €1,696 million, compared with €1,601 million in 2019, following the appropriation of 2019 retained earnings.

Subordinated debt totaled €281 million (excluding accrued interest), including €50 million in the form of deeply subordinated notes subscribed by BFCM to help BECM bolster its long-term funding resources.

Articles L. 441-6-1 and D. 441-4 of the French Commercial Code provide for specific disclosures relating to the due date of trade payables.

UNPAID INVOICES AT 31/12/2020

Pursuant to the provisions of Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, we hereby provide information relating to payment terms for suppliers and customers as referred to in point I of Article D. 441-4 of the French Commercial Code concerning past due invoices received and issued but unpaid at the end of the fiscal year:

	ARTICLE D. 441-4 L-1: PAST DUE INVOICES RECEIVED BUT UNPAID AT THE END OF THE FISCAL YEAR						ARTICLE D. 441-4 L-2: PAST DUE INVOICES ISSUED BUT UNPAID AT THE END OF THE FISCAL YEAR					
	0 DAYS (indicative)	1 TO 30 DAYS	31 TO 60 DAYS	61 TO 90 DAYS	91 DAYS OR MORE	TOTAL (1 day or more)	0 DAYS (indicative)	1 TO 30 DAYS	31 TO 60 DAYS	61 TO 90 DAYS	91 DAYS OR MORE	TOTAL (1 day or more)
(A) PAST DUE BRACKET												
Number of invoices concerned	35						N/A In our view, the scope of the information provided pertaining to the payment terms referenced to in Article D. 441-4 of the French Commercial Code does not include banking and related transactions.					
Total amount of invoices concerned including tax	€89,315	0	0	0	0	0						
Percentage of total purchases for the year, including tax	0,76 %	0 %	0 %	0 %	0 %	0 %						
Percentage of revenue for the year, including tax												
(B) INVOICES EXCLUDED FROM (A) RELATED TO DISPUTED OR UNRECOGNIZED PAYABLES AND RECEIVABLES												
Number of invoices excluded	0						N/A					
Total amount of invoices excluded (specify whether including tax or not)	0											
(C) REFERENCE PAYMENT TERMS USED (CONTRACTUAL OR STATUTORY TERM - ARTICLE L. 441-6 OR ARTICLE L. 443-1 OF THE FRENCH COMMERCIAL CODE)												
Payment terms used to calculate late payments	Contractual terms: Within 30 days of receipt of the invoice or within the supplier term if greater						Contractual terms: Cash on receipt of invoice					

ASSETS

Interbank transactions mostly reflect cash surpluses placed with BFCM.

On the reporting date, loans to customers (including accrued interest) were up by 8.8% to €17.3 billion versus €15.9 billion in 2019.

Cash facilities (€2.7 billion), capital asset financing (€10.8 billion), loans to developers (€1.4 billion), other loans (€1.5 billion) and customers' overdrawn current accounts (€0.6 billion) accounted for most of the facilities granted.

Non-performing loans to customers (gross outstandings of €298 million) were 63% covered by provisions. BECM pursues a prudent loan reclassification and provisioning policy.

INCOME STATEMENT

At December 31, 2020, interest and similar income totaled €258.5 million, consisting mainly of interest received on loan transactions with customers (€230.9 million).

Interest and similar expenses (€27.8 million) consisted mainly of interest paid to BFCM in respect of refinancing and interest paid on customers' term deposits.

Net banking income amounted to €301.0 million, compared with €317.0 million in 2019.

General operating expenses totaled €99.6 million, of which €2.2 million was incurred on behalf of other Crédit Mutuel Alliance Fédérale entities and accordingly recovered. Net operating expenses for BECM therefore totaled €97.4 million.

Net additions to/reversals from provisions for loan losses came to €58.8 million.

An amount of €38,461 corresponding to non-tax-deductible rental payments and depreciation of company cars was added back to taxable income.

After an income tax charge of €49.1 million, net profit for the period came to €95.5 million compared with €118.0 million in 2019.

APPROPRIATION OF RESERVES AND PROFIT PROPOSED TO THE GENERAL SHAREHOLDERS' MEETING

The appropriation of profit and retained earnings submitted to the Shareholders' Meeting is as follows (in euros):

ORIGIN OF INCOME TO BE APPROPRIATED:	
2020 profit	95,461,388.40
Retained earnings brought forward	419,901.15
TOTAL	95,881,289.55

The Executive Board proposes:

- allocating €95,000,000 to the optional reserve; and
- carrying the remaining €881,289.55 forward as retained earnings.

In accordance with currently applicable legal provisions, the Executive Board reminds that the following dividends per share were distributed in respect of the previous three financial years:

Year	2017	2018	2019
Amount in euros	5.29 ⁽¹⁾	0	0
	3.09 ⁽²⁾	0	0
Dividend eligible for the deduction provided for in Article 158 of the French General Tax Code	yes	-	-

(1) For shares entitled to the full year's dividend.

(2) For new shares entitled from June 6, 2016.

Strasbourg, February 12, 2021

The Executive Board



Statutory Auditors' report on the financial statements

(Year ended December 31, 2020)

To the Annual General Meeting of Banque Européenne du Crédit Mutuel,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Banque Européenne du Crédit Mutuel for the year ended 31 December 2020.

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

BASIS FOR OPINION

AUDIT FRAMEWORK

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

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

INDEPENDENCE

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

EMPHASIS OF MATTER

We draw your attention to the change in accounting method resulting from the application of Regulation no. 2020-10 issued by the Autorité des Normes Comptables (French accounting standards authority) relating to the presentation of securities borrowing and regulated savings deposits centralized by the Caisse des Dépôts et Consignations' savings fund, as described in Notes 1 and 1.16 to the financial statements. Our opinion is not modified in respect of this matter.

JUSTIFICATION OF ASSESSMENTS KEY AUDIT MATTERS

Due to the global crisis related to the COVID-19 pandemic, the financial statements for this accounting period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. These measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on how audits are performed.

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

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

MEASUREMENT OF PROVISIONS FOR KNOWN CREDIT RISK ON CUSTOMER LOANS WITHIN THE CONTEXT OF THE EVOLVING CRISIS RELATED TO COVID-19

RISK IDENTIFIED

Your company records impairment to cover known risks of losses resulting from its customers' inability to meet their financial commitments.

Impairment of loans and receivables is recorded to cover these risks, on an individual basis. Provisions are formed to cover financing and guarantee commitments.

Impairment and provisions are recognized whenever there is an objective indication of an impairment loss.

The impairment and provisions correspond to the difference between the carrying amount of the loans and the sum of discounted future cash flows.

As at 31 December 2020, doubtful receivables from customers amounted to €298m and the related impairment and provisions amounted to €186m and €7m respectively, as presented in Notes 2.3 and 2.17 to the financial statements.

The principles used in providing for credit risk are described in Note 1 "Accounting principles, measurement and presentation methods" to the financial statements.

The health crisis related to COVID-19 and its economic consequences have affected the ability of borrowers, companies and individuals, to meet repayments.

In this uncertain context, the measurement of impairment and provisions requires the exercise of judgment to identify exposures presenting a risk of non-recovery, or to determine recoverable future cash flows and recovery periods.

In view of the importance of judgment in the assessment of the credit risk and the determination of impairment of customer loans, we considered that the identification of receivables presenting a risk of non-recovery and the measurement of the related impairment constituted a key audit matter due to:

- the relative materiality of outstanding loans in the balance sheet;
- the complexity of the estimation of recoverable future cash flows.

OUR RESPONSE

We reviewed and tested the processes and controls related to loans and receivables presenting a proven risk of default, as well as the procedures used to quantify the corresponding impairment.

We reviewed:

- with the assistance of our IT specialists, the mechanisms ensuring the integrity of the data used by the rating and impairment models;
- on a sample of receivables, the classification of loans between performing and non-performing loans.

Regarding credit risk for corporate clients:

- we reviewed the credit risk monitoring process, based on the minutes of governance decisions on impairment;

- using sampling techniques, we reviewed the impaired loan records to evaluate the documentation of the credit rating and the level of impairment applied, taking into account, where relevant, the impact of the COVID-19 crisis on the ratings or guarantees related to support measures;

- where applicable, we assessed the appropriateness of the manual adjustments made to internal credit ratings;

- we rationalized the annual trend in the cost of risk. Regarding credit risk for retail banking:

- we performed analytical procedures, calculating the trend over time of the following key indicators: ratio of non-performing loans to total loans, and rate of coverage of non-performing loans by impairment. Whenever an indicator deviated from the average, we analyzed the deviations observed.

SPECIFIC VARIATIONS

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

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Executive Board's management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders, with the exception of the matter set out below.

The fair presentation and the consistency with the financial statements of the information relating to payment deadlines referred to in Article D. 441-6 of the French Commercial Code (Code de commerce) call for the following observation on our part: as stated in the management report, this information does not include bank and other related transactions, as your company considers that these are outside the scope of the information to be disclosed.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

■ APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Banque Européenne du Crédit Mutuel by your Annual General Meeting held on 16 December 2005 for KPMG S.A. and on 15 May 1992 for ERNST & YOUNG et Autres.

As at 31 December 2020, KPMG S.A. was in its sixteenth year and ERNST & YOUNG et Autres in its twenty-ninth year of total uninterrupted engagement.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

The financial statements were approved by the Executive Board.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Paris-La Défense, 26 April 2021

The Statutory Auditors
French original signed by

KPMG S.A.
Sophie Sotil-Forgues

ERNST & YOUNG et Autres
Hassan Baaj



Statutory auditors' report on related party agreements

For the year ended 31 December 2020

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility to assess the relevance of these agreements prior to their approval.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French

Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this type of engagement.

AGREEMENTS SUBMITTED FOR APPROVAL TO THE SHAREHOLDERS

We hereby inform you that we have not been notified of any agreements concluded during the year ended December 31, 2020 to be submitted to the shareholders for approval in accordance with Article L.227-10 of the French Commercial Code (Code de commerce).

Paris-La Défense, 26 April 2021

The Statutory Auditors
French original signed by

KPMG S.A.
Sophie Sotil-Forgues

ERNST & YOUNG et Autres
Hassan Baaj



Draft resolutions for the Ordinary Shareholders' Meeting

FIRST RESOLUTION

The Shareholders' Meeting, having noted the reports of the Executive Board and the Supervisory Board, the statutory auditors' report and the financial statements for the year ended December 31, 2020, approves said financial statements as presented to it. The Shareholders' Meeting also approves the overall amount of expenses and charges that may not be deducted from earnings subject to corporate income tax totaling €38,461, as well as the tax incurred as a result of said expenses and charges totaling €12,317.

SECOND RESOLUTION

Having noted that the financial statements for the fiscal year show a profit of €95,461,388.40, plus retained earnings of €419,901.15, i.e. a total of €95,881,289.55, the Shareholders' Meeting resolves to appropriate the profit as follows:

Appropriation:

to the optional reserve	€95,000,000.00
to retained earnings	€881,289.55

In accordance with applicable laws, it is noted that the following dividends per share were distributed in respect of the previous three fiscal years:

FISCAL YEAR	2017	2018	2019
Unit amount in euros	5.29⁽¹⁾	0	0
	3.09⁽²⁾	0	0
Dividend eligible for the deduction provided for in Article 158 of the French Tax Code (Code général des impôts – CGI)	yes	-	-

(1) For shares entitled to the full year's dividend.

(2) For new shares entitled from June 6, 2016.

THIRD RESOLUTION

The Shareholders' Meeting, having heard the statutory auditors' special report on the agreements referred to in Article L. 227-10 of the French Commercial Code, and ruling on that report, notes that no agreement of this kind was concluded during the year.

FOURTH RESOLUTION

Pursuant to Article L. 511-73 of the French Monetary and Financial Code, the Shareholders' Meeting approves the total amount of compensation specified in the Board's report. This amount includes remuneration of any kind paid during the year under review to the effective managers and the categories of employees referred to in Article L. 511-71 of that Code.

FIFTH RESOLUTION

The Shareholders' Meeting approves the total amount of compensation paid to members of the Supervisory Board of Banque Européenne du Crédit Mutuel, as provided in the charter on the exercise of duties of members of the Board of Directors and members of the Supervisory Board of Crédit Mutuel Alliance Fédérale, which for fiscal year 2021 is a maximum of €900,000. This amount is a maximum total amount for Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel and Banque Européenne du Crédit Mutuel taken as a whole.

SIXTH RESOLUTION

The Shareholders' Meeting renews the term of office of Marie-Jean Boog as a member of the Supervisory Board for a period of three years expiring at the end of the Shareholders' Meeting called to approve the 2023 financial statements.

SEVENTH RESOLUTION

The Shareholders' Meeting renews the term of office of Gérard Diacquenod as a member of the Supervisory Board for a period of three years expiring at the end of the Shareholders' Meeting called to approve the 2023 financial statements.

EIGHTH RESOLUTION

The Shareholders' Meeting renews the term of office of Monique Joly as a member of the Supervisory Board for a period of three years expiring at the end of the Shareholders' Meeting called to approve the 2023 financial statements.

NINTH RESOLUTION

The Shareholders' Meeting renews the term of office of Philippe Tuffreau as a member of the Supervisory Board for a period of three years expiring at the end of the Shareholders' Meeting called to approve the 2023 financial statements.

TENTH RESOLUTION

The Shareholders' Meeting appoints Pascal David as a member of the Supervisory Board, in replacement of Patrick Morel, for a period of three years expiring at the end of the Shareholders' Meeting called to approve the 2023 financial statements.

ELEVENTH RESOLUTION

The Shareholders' Meeting renews the term of office of KPMG SA as principal statutory auditor for a period of six years expiring at the end of the Shareholders' Meeting called to approve the 2026 financial statements.

TWELFTH RESOLUTION

The Shareholders' Meeting notes that Isabelle Goalec's term of office as alternate statutory auditor has expired and decides not to renew it.

BANQUE EUROPÉENNE
Crédit Mutuel

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Financial statements

3. Financial statements

Balance sheet

ASSETS (IN € THOUSANDS)	12/31/2020	12/31/2019
Cash and due from central banks	76,922	67,539
Receivables due from credit institutions	9,429,556	7,926,816
Client transactions	17,264,610	15,864,065
Bonds and other fixed-income securities	10,396	40,075
Shares and other variable-income securities	19	20
Shares in subsidiaries and other long-term investments	1,076	784
Investments in associates	12,643	12,643
Intangible assets	1,039	1,069
Property, plant and equipment	1,198	1,316
Other assets	25,088	10,294
Accruals	435,093	504,654
TOTAL ASSETS	27,257,640	24,429,275

OFF-BALANCE SHEET ITEMS (COMMITMENTS GIVEN)	12/31/2020	12/31/2019
Financing commitments	7,405,072	6,592,867
Guarantees	4,758,313	4,557,414

LIABILITIES (IN € THOUSANDS)	12/31/2020	12/31/2019
Due to credit institutions	5,502,948	5,065,165
Client transactions	19,252,119	17,045,917
Debt securities	11,778	13,073
Other liabilities	252,777	29,932
Accruals	247,465	385,159
Provisions	13,079	7,995
Subordinated debt	281,051	281,071
Fund for general banking risks (FGBR)	200,000	200,000
Shareholders' Equity Excluding FGBR	1,496,423	1,400,963
<i>Subscribed capital</i>	<i>134,049</i>	<i>134,049</i>
<i>Issue premiums</i>	<i>368,011</i>	<i>368,011</i>
<i>Reserves</i>	<i>898,482</i>	<i>780,482</i>
<i>Regulated provisions and investment subsidies</i>		
<i>Retained earnings (+/-)</i>	<i>420</i>	<i>378</i>
<i>Net income for the year (+/-)</i>	<i>95,461</i>	<i>118,042</i>
TOTAL LIABILITIES AND EQUITY	27,257,640	24,429,275

OFF-BALANCE SHEET (COMMITMENTS RECEIVED)	12/31/2020	12/31/2019
Financing commitments	0	0
Guarantees	4,336,314	3,142,912

The image shows a blurred financial statement table with multiple columns of data. The text is oriented vertically and is out of focus. The visible content includes numerical values and percentages, such as 21.0, 21.6, 26.1, 62.3, 21.7, 26.6, 19.5, 49.0, and 39.4, along with percentages like 0.55%, 0.32%, 0.18%, 0.34%, 0.54%, 0.94%, 0.19%, 0.04%, 0.86%, 0.6%, -1.3%, 0.46%, -0.33%, and 0.60%.

21.0	0.55%	0.00	0.00	0.00
21.6	0.32%	0.00	0.00	0.00
26.1	0.18%	0.00	0.00	0.00
62.3	0.34%	0.00	0.00	0.00
21.7	0.54%	0.00	0.00	0.00
26.6	0.94%	0.00	0.00	0.00
19.5	0.19%	0.00	0.00	0.00
49.0	0.04%	0.00	0.00	0.00
39.4	0.86%	0.00	0.00	0.00
	0.6%	0.00	0.00	0.00
	-1.3%	0.00	0.00	0.00
	0.46%	0.00	0.00	0.00
	-0.33%	0.00	0.00	0.00
	0.60%	0.00	0.00	0.00

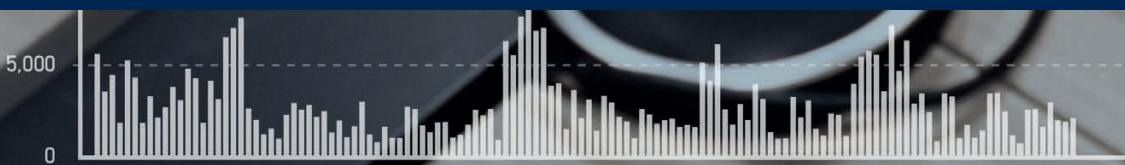
Income statement

(IN € THOUSANDS)	12/31/2020	12/31/2019
Interest and similar income	258,536	279,202
- Interest and similar expenses	-27,845	-35,271
+ Income from variable-income securities		
+ Fee and commission income	198,019	266,455
- Fee and commission expenses	-127,402	-194,249
+/- Gains or losses on trading portfolio transactions	706	1,523
+/- Gains or losses on investment portfolio and similar transactions	0	-1
+ Other banking income	498	571
- Other banking expenses	-1,681	-1,231
NET BANKING INCOME	300,831	316,999
- General operating expenses	-97,176	-100,447
- Movements in depreciation, amortization and provisions for property and equipment and intangible assets	-257	-238
GROSS OPERATING INCOME	203,398	216,314
+/- Net additions to/reversals from provisions for loan losses	-58,827	-35,736
OPERATING INCOME AFTER PROVISIONS	144,571	180,578
+/- Gains or losses on non-current assets	-29	22
INCOME FROM ORDINARY OPERATIONS BEFORE TAX	144,542	180,600
+/- Non-recurring items	-11	123
- Corporate income tax	-49,070	-62,681
+/- Net allocation to the fund for general banking risks and to regulated provisions	0	0
NET INCOME	95,461	118,042



BANQUE EUROPÉENNE
Crédit Mutuel

3 Financial results



(-33)	(+156)	(-60)
MBB	WFF	HJM
3,320	712	134
(-120)	(+12)	(+5)

The company's financial results

in euros	2016	2017	2018	2019	2020
1. CAPITAL AT YEAR END					
A Share capital	129,573,460.00	134,048,920.00	134,048,920.00	134,048,920.00	134,048,920.00
B Number of ordinary shares in issue	6,478,673	6,702,446	6,702,446	6,702,446	6,702,446
C Number of preferred shares (non-voting) in issue					
D Maximum number of shares to be created					
– By conversion of bonds					
– By exercise of subscription rights					
2. OPERATIONS AND RESULTS FOR THE YEAR					
A Net banking income, income from the securities portfolio and other	331,967,901.86	290,673,902.06	298,044,817.35	316,999,235.19	300,830,578.95
B Income before tax, employee profit-sharing, depreciation, amortization and provisions	230,920,567.90	181,092,717.23	199,481,534.87	211,291,174.65	159,943,199.23
C Corporate income tax	77,279,599.13	58,391,301.06	61,316,597.71	62,681,065.82	49,069,716.66
D Profit-sharing	530,871.49	525,555.93	528,872.71	574,651.02	623,115.42
E Income after tax, employee profit-sharing, depreciation, amortization and provisions	105,579,537.51	99,835,011.94	109,853,434.02	118,041,619.96	95,461,388.40
F Dividend distributed	43,675,586.95	34,963,638.74	0.00	0.00	0.00
3. EARNINGS PER SHARE					
A Income after tax and employee profit-sharing but before depreciation, amortization and provisions	25.38	18.23	20.54	22.09	16.45
B Income after tax, employee profit-sharing, depreciation, amortization and provisions	17.50	14.90	16.39	17.61	14.24
C Dividend per share	7.24	5.29	0.00	0.00	0.00
4. PERSONNEL					
A Average number of employees for the year	408	408	399	423	431
B Payroll expense	24,634,260.24	25,004,776.10	25,338,628.28	26,853,920.27	27,903,983.31
C Employee benefits (social security, benefit schemes)	10,674,550.53	10,358,193.91	11,026,623.37	11,355,217.87	11,772,191.80

BANQUE EUROPÉENNE
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BECM – Simplified corporation (société par actions simplifiée) with capital of €134,048,920
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