



CEGC BUSINESS REPORT

2020



COMPAGNIE
EUROPÉENNE
DE GARANTIES
ET CAUTIONS





I EDITORIAL

2020, an extraordinary year

2020 proved to be an unprecedented year in every respect for all of us.

The year began with a buoyant European economy but was then brutally hit by a major health crisis. The unprecedented measures taken by different governments helped to reassure and to attenuate the devastating economic and social effects of the health crisis, while also focusing attention on the intrinsic risk harbored by our economies and the conditions required to emerge from the crisis.

The crisis raised questions for all economic actors about their reason for existence in their particular ecosystem, particularly due to the lasting changes it has caused to ways of life and work organization methods, and to the way it has undermined whole sectors of the economy.

In these conditions, guarantors have a crucial role to play: more than ever, they need to demonstrate financial solidity and work alongside clients, so as to ensure the latter can continue with their projects in a secure manner.

CEGC lived up to this role in full in 2020. Right from the first day of lockdown, our teams stepped up to ensure continuity of service for our clients and partners, by delivering the

sureties and guarantees needed for them to continue their operations.

Our staff were heavily engaged in supporting recovery as from May, as witnessed by the sharp increase in sureties and guarantees issued by the Company in the second half, especially in the real estate and construction sectors.

At the same time, backed by our membership of Groupe BPCE, we continued our policy of strengthening our financial base and raised our ability to withstand losses to close to €5bn.

Today, we are more active than ever alongside our clients and partners in this decisive period.

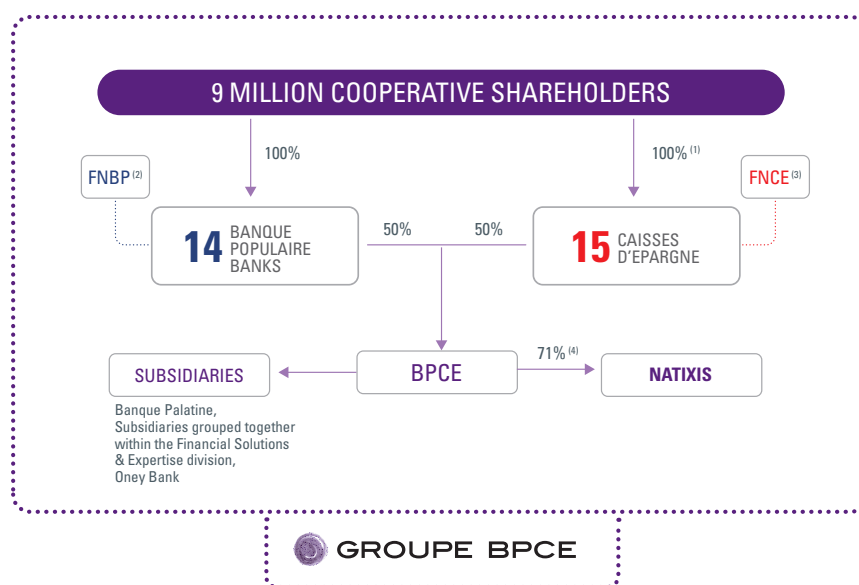
The Board of Directors and I would like to thank all those who trusted us during this highly eventful year and to ensure them of our renewed commitment at their sides.

Anne Sallé-Mongauze
Chief Executive Officer, CEGC

I CEGC IN BRIEF

CEGC belongs to Groupe BPCE, the second-largest banking group in France, serving 36 million customers around the world. It joined the Group's Financial Solutions & Expertise Division on April 1, 2019.

Groupe BPCE organizational chart at december 31, 2020



1. Indirectly through Local Savings Companies - 2. Fédération Nationale des Banques Populaires - 3. Fédération Nationale des Caisses d'Épargne - 4. Float: 29%

CEGC Executive Committee



Emmanuelle Renon – Head of Business Development, Customer Relations and Underwriting / **Aurélié Nicot** – Head of Finance and Actuarial, Head of Data Management / **Mohamed Aoulad-Hadj** – Deputy Chief Executive Officer / **Valérie Dumont** – Head of Marketing and Partnerships / **Anne Sallé-Mongauze** – Chief Executive Officer / **Karine Audoux** – Head of Customer Experience & Solutions / **Pascal Leblanc** – Head of General Secretariat / **Alain Viret** – Chief Information Officer / **Yolaine Fadda** – Head of Human Resources and Internal Communication / Absent from the photo: **Dorra Kallel** – Head of Risk.

Governance

BOARD OF DIRECTORS

Dominique Garnier

Chairman of the Board of Directors
Deputy CEO Financial Solutions & Expertise

Natixis

Represented by Jean-François Lequoy

Banque Populaire Aquitaine Centre Atlantique

Represented by Valérie Gillio

Paul Kerangueven

Chairman of the Management Board
Caisse d'Épargne d'Auvergne et du Limousin

Banque Populaire Alsace Lorraine Champagne

Represented by Isabelle Laurent

Anne-Claude Pont

Chairwoman, Wilov

Caisse d'Épargne Grand Est Europe

Represented by Olivier Vimard

PRINCIPAL STATUTORY AUDITORS

Régis Tribout

KPMG S.A

Sébastien Arnault

PricewaterhouseCoopers Audit

A pivotal guarantor in France

CEGC is a specialist insurer offering a comprehensive range of sureties and financial guarantees.

CEGC supports the development of most Groupe BPCE establishments (Caisse d'Épargne banks, Banque Populaire banks, and other Group banks), particularly by providing a second analysis of loan applications and externalizing their risks.

CEGC secures commercial transactions between companies and facilitates the projects and financing of multiple economic actors: individuals, companies, SMEs, and actors operating in the real estate, public housing and social economy fields.

CEGC's guarantees cover a variety of fields:

- Bank loan guarantees for individuals, SMEs, and the social economy and public housing sectors;
- Contractual, regulatory and tax guarantees for companies;
- Financial guarantees for real estate professionals: property managers and real estate agents, real estate developers and individual house builders.

CEGC kept in close contact with staff during the pandemic



CEGC adapted during lockdown in order to keep in close contact with staff at distance. Measures involved disseminating staff testimonies and organizing regular video messages from the general management team that were aimed at maintaining contact and cohesion in a shifting environment.

"Maintaining contact and cohesion in a shifting environment"

CEGC also invested in the appropriation of new uses and remote working tools, and fostered quality-of-life at work initiatives, such as online leisure and well-being workshops, living room sports challenges and virtual seminars, so as to continue to cultivate informal links and team spirit.

CEGC leverages Groupe BPCE's longstanding engagement with sustainable development and its responsible investment approach.

See the detail of our engagements in our "Environment, Social & Governance Report" on www.c-garanties.com

As an insurer, CEGC combines a desire to expand with careful risk control

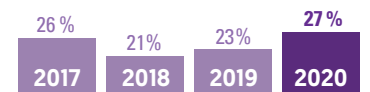
| 2020 RESULTS

Gross exposure

in billions of euros



Loss ratio (claims relative to gross earned premiums)



INDIVIDUALS

€194bn
of gross exposures guaranteed

280,955
loans guaranteed in 2020

2,146,431
guaranteed loans in portfolio



Bank loan guarantees

SMES (SMALL & MEDIUM-SIZED ENTERPRISES)

€3.5bn
of gross exposures guaranteed

3,237
loans guaranteed in 2020

33,843
guaranteed loans in portfolio

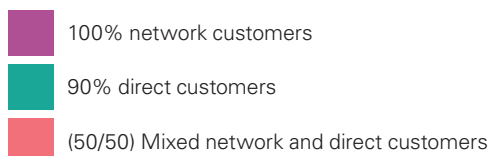


SOCIAL ECONOMY AND PUBLIC HOUSING

€2bn
of gross exposures guaranteed

405
loans guaranteed in 2020

4,300
guaranteed loans in portfolio



* Networks : CAISSE D'ÉPARGNE BANQUE POPULAIRE and other BPCE's subsidiaries

KEY FIGURES

Financial guarantees for real estate professionals

- Contract bonds
- Customs
- Alcohol taxes
- Food industry
- Temporary recruitment agencies
- Umbrella companies
- Auction houses

Financial guarantees for companies

COMPANIES

€4.8bn
of gross exposures guaranteed

168,306
guarantees issued in 2020

136,839
guarantees in portfolio

PROPERTY MANAGERS AND REAL ESTATE AGENTS

€7.8bn
of gross exposures guaranteed

6,785
guarantees issued in 2020 /
and in portfolio

HOUSE BUILDERS

€3.1bn
of gross exposures guaranteed

16,038
guarantees issued in 2020

25,580
guarantees in portfolio

REAL ESTATE DEVELOPERS

€8.1bn
of gross exposures guaranteed

876
guarantees issued in 2020

1,847
guarantees in portfolio

CEGC SUPPORTS ITS CLIENTS

Thanks to its highly-reactive organization, CEGC ensured its teams stepped up to support clients both during and after the health crisis.



EFFICIENT TEAMS AND ORGANIZATION



IMMEDIATE SUPPORT MEASURES



RECOVERY PLAN FOR OUR CLIENTS AND PARTNERS

The nationwide lockdown begun on March 17, 2020 triggered a brutal contraction in the real estate and construction markets, with building work coming to a virtual halt for a six-week period.

The lockdown exacerbated the already-ongoing slowdown in construction and building activity, which traditionally occurs in municipal election periods. Likewise, in the residential market, new housing construction had been on a downward trend since the end of 2019.



Efficient teams and organization

Teleworking and flexible office¹ equipment have been part of CEGC's practices since 2015: at the end of 2019, close to three quarters of permanent staff² already benefited from a teleworking agreement on the basis of two days a week.

At the onset of the crisis, CEGC already had a voluntary teleworking program in place, open to all staff and resourced with new-generation devices. As a result, the team



managed a fluid switchover to distance working on March 17, 2020, and thus succeeded in processing a still-sizeable number of applications, i.e. 900 a day on average for real-estate loan guarantees for retail clients (two thirds of the usual level) and 150 a day for contract bonds for construction and building firms (one third of the usual level).

CEGC also stepped up efforts in support of partners and to improve reactivity, as witnessed by a 15% increase in immediate acceptances on real-estate loan guarantees.



Immediate support measures

As part of its business continuity plan, CEGC geared up to support the economy alongside Groupe BPCE, by facilitating cash flow for the hardest-hit sectors:

- Deferral of premiums on contract bonds for companies over the first two quarters of 2020
- Cost-free extension of guarantees to accompany the deferral of loan instalments of up to six months for SMEs and up to two years for individuals
- Flexibility regarding downward adjustments in the maximum level of exposure guaranteed for property managers and real estate agents
- Customized support for individual house builders.



Recovery plan for our clients and partners

The housing market continued to benefit from exceptional sales of existing housing, a segment that accounts for 90% of the market. The strong resilience displayed in this segment enabled transactions to again top one million: 1,020,000 sales by the end of November 2020, up 4% relative to November 2019³.

Construction staged the fastest rebound of all sectors after the end of lockdown and was nearing a normal level of production at year-end⁴.

This showed up in an outstanding third- and fourth-quarter performance for CEGC in several areas: guarantee applications concerning pre-sales for real estate developers, construction insurance for individual house builders and contract bonds for companies.

Post-lockdown, property managers have been displaying a high degree of resilience. CEGC is preparing to guarantee loans

taken out by co-owners' associations for building work, particularly for energy renovation purposes.



Other sectors are finding the going harder: temporary recruitment agencies (under close surveillance), artisans, merchants, the liberal professions, customers supported by Groupe BPCE with state-guaranteed loans, social economy and public housing projects (most of which have been postponed to 2021, after the traditional slowdown related to municipal elections). For these sectors, CEGC is offering close-knit support.

1 . In a flexible office organization, employees are not assigned their own specific work stations. - 2 . Staff on permanent employment contracts - 3 . French Chamber of Notaries - December 2020. - 4 . Xerfi report – "Insurers in the face of the crisis" [in French] – February 3, 2021.

CEGC: A RESISTANT AND SUSTAINABLE MODEL



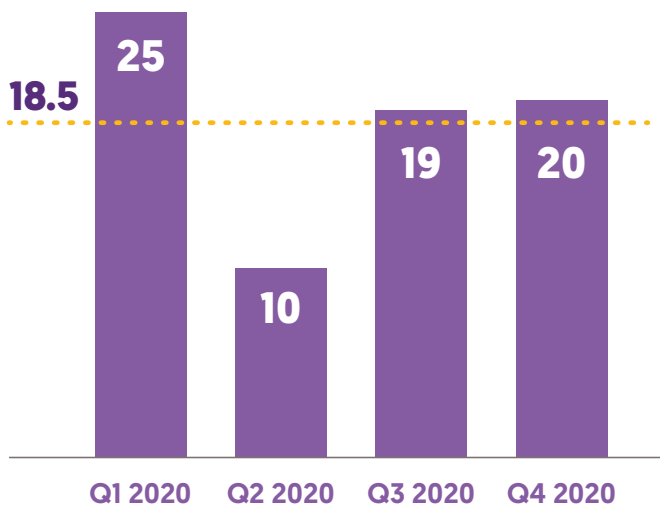
Lockdown stress test! CEGC confirms its resistance

The sureties and guarantees business shows its real worth during times of crisis; at the time of the first lockdown and like most companies, CEGC experienced a stress test in a real-life situation.

Sliding financial markets and rising credit risk impacted CEGC's balance sheet:

- In the early stages of the 2020 crisis, CEGC's solvency ratio dropped 26 points relative to its end-December 2019 level, though without ever breaching the surveillance threshold. On March 18, 2020, the Paris stock market sank to its low for the year of 3,754 points, after plunging over 38% between February 19 and March 18.
- The rebound in the following months enabled the market to close the year at 5,551 points, down only 7.14%. At end-December 2020, CEGC's solvency ratio regained its pre-crisis level of 138%², well ahead of the resistance threshold of 110% that equates to the overall solvency capital requirement.

Quarterly change in earnings
€m



"The sureties and guarantees business shows its real worth during times of crisis"



CEGC's strong resilience reflected in good earnings in 2020

The slump triggered by lockdown can be seen in the decline in CEGC's second-quarter earnings; this fall was nevertheless offset over full-year 2020, thanks to CEGC's excellent performance in the first quarter and the strong resilience shown in the second half of the year.

Right at the start of the crisis, CEGC organized to cope with challenges in three areas by:

- Managing requests to extend the duration of the loans guaranteed for our partners, extending the duration of certain guarantees, deferring premiums on contract bonds so as to relieve pressure on corporate cash flows
- Monitoring risks and reinforcing provisions for claims
- Managing the investment portfolio proactively, in line with ESG³ criteria which serve as the pillars for responsible investment and sustainable development



concerning the most modest households, payment defaults and corporate failures by subcontractors and companies, activation of delivery guarantees (based on agreed prices and timescales) and of completion bonds.

“CEGC's risk policy is underpinned by proven expertise”

However, CEGC's risk policy is underpinned by proven expertise. As a result, apart from certain companies that were already struggling before the health crisis, CEGC has not observed any upsurge in claims to date, particularly those related to governmental support measures.

CEGC also continued to benefit from the confidence of its reinsurers and renewed all its reinsurance programs.

“The real estate and construction sectors bounced back quickly after lockdown”

CEGC's subscription policy proves its worth during the crisis period

The guarantee business is based on the assessment and pricing of risk. The Covid-19 pandemic triggered increases in risk at all levels: overdue payments



- Another factor is that the Company operates for the most part in the real estate and construction sectors, both of which bounced back quickly after lockdown and were nearing normal levels of production at year-end⁴. Looking beyond the technical rebound, the positive momentum seems to have continued: in early 2021 the construction sector was one of the fastest-growing sectors according to the BIPE economic data and forecasting institute⁵.



1 . A stress test is an exercise that simulates extreme but plausible economic and financial conditions, in order to analyze the consequences for businesses and to measure the ability to resist such situations of stress. -2 . The figure of 138% represents the ratio between Economic Capital (EC) and the Solvency Capital Requirement (SCR): €1.26bn /€0.91bn = 138%. - 3 . ESG criteria: Environmental, Social and Governance criteria used to assess the environmental impact of businesses (CO2 emissions, water consumption, etc.), their social impact (respect for employee rights, employment of handicapped persons, etc.), and their governance (board independence, verification of accounts by an independent committee, etc.). - 4 . Xerfi report – “Insurers in the face of the crisis” [in French] – February 3, 2021. - 5 . Le Parisien – March 4, 2021 – “Who will be the winners and losers in economic recovery in 2021?” [in French] Based on the estimates of the BIPE economic data and forecasting institute.

I BALANCE SHEET AT 12/31/2020

Individual (non-consolidated) accounts in thousands of euros — Rounded figures (French GAAP)

ASSETS	2020	2019
Intangible assets	34,210	33,886
Investments	2,990,922	2,523,230
Land & buildings	194,715	197,698
Investments in affiliated companies	2,765	2,765
Other investments	2,793,441	2,322,767
Ceded share of technical provisions	10,299	4,641
Receivables	259,849	282,044
Non-issued earned premiums	4,899	4,031
Other receivables arising from insurance activities	23,861	14,318
Reinsurance transfer receivables	926	3,112
Government, social security organisations	74	5
Staff costs	0	10
Miscellaneous debtors	230,088	260,568
Other assets	52,868	48,116
Property, plant and equipment assets	2,684	3,246
Net balances of cash and amounts	50,185	44,870
Accrual accounts - assets	236,904	211,376
Accrued interest not yet due	20,761	20,329
Deferred acquisition costs	198,566	175,586
Prepaid expenses	754	805
Others	16,823	14,656
TOTAL ASSETS	3,585,052	3,103,294

LIABILITIES	2020	2019
Equity	486,038	481,829
Capital	160,996	160,996
Merger premiums	66,563	66,563
Issue premiums	9,464	9,464
Current provisions	99,787	99,787
Retained earnings	75,165	75,163
Net income	76,063	69,856
Technical provisions	2,523,549	2,210,547
Provisions for unearned premiums	2,286,768	2,032,362
Provisions for outstanding claims	236,782	178,185
Liquidity risk provisions	4,293	3,344
Liabilities for reinsurance deposits	55	55
Other liabilities	154,605	144,107
Insurance liabilities	99,051	84,627
Reinsurance liabilities	1,335	3,497
Deposits and guarantees received	5,531	5,415
Staff	10,660	9,783
Government, social security organisations	7,476	7,709
Miscellaneous creditors	30,551	33,076
Accrual accounts - liabilities	15,081	12,509
TOTAL LIABILITIES	3,585,052	3,103,294

INCOME STATEMENT AT 12/31/2020

Individual (non-consolidated) accounts in thousands of euros
Rounded figures (French GAAP)

			2020	2019
TECHNICAL ACCOUNT	Gross transactions	Cessions and retrocessions	Net transactions	Net transactions
Earned premiums	349,958	25,411	297,548	275,717
Premiums	604,364	52,411	551,953	468,731
Change in unearned premium income	(254,406)	238	(254,406)	(193,014)
Investment income			45,687	43,015
Other technical accounts			1,216	4,285
Claims expenses	(99,978)	(6,578)	(93,400)	(78,713)
Benefit expenses	(56,479)	(920)	(55,559)	(90,991)
Provisions for claims expenses	(43,498)	(5,658)	(37,841)	12,278
Share of Company profits			(182)	(199)
Acquisition and administrative costs			(120,401)	(113,403)
Acquisition costs			(109,065)	(104,749)
Administrative costs			(14,108)	(9,042)
Gains from reinsurers' commissions			2,771	388
Other technical expenses			(36,253)	(33,595)
TECHNICAL RESULT			94,215	97,108

	2020	2019
NON-TECHNICAL ACCOUNT	Net transactions	Net transactions
Total investment income	87,440	78,643
Investment income	57,050	54,760
Other investment income	3,387	2,891
Capital gains on disposal of investments	27,003	20,992
Investment expenses	[32,918]	[26,232]
Management fees and financial fees	(12,591)	(5,740)
Other investment expenses	(4,904)	(12,852)
Capital losses on disposal of investments	(15,423)	(7,640)
Income related to assets pledged as transferred	[45,687]	[43,015]
Other non-technical income	946	1,066
Non-recurring income	0	0
Non-recurring gains	0	0
Non-recurring losses	0	0
Employee profit-sharing	[2,210]	[2,097]
Income taxes	[27,723]	[35,617]
INCOME/(LOSS) FOR THE YEAR	74,063	69,856

Compagnie Européenne de Garanties et Cautions

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 GROUPE BPCE

Limited liability company with a Board of Directors (Société Anonyme)
with share capital of 160 995 996 euros
Company governed by the French Insurance Code
Nanterre Trade and Companies Register: 382 506 079, APE 6512 Z
Registered office: 16, rue Hoche - Tour Kupka B - 92919 Paris La Défense Cedex

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