ANNUAL REPORT

2019

BANQUE DELUBAC & CIE

SINCE 1924

EXPERTISE AND INDEPENDENCE

ANNUAL REPORT 2019

Management

Serge Bialkiewicz
First Managing Partner

Jean-Michel Samuel-Delubac
Managing Partner

Joël-Alexis Bialkiewicz
Managing Partner

Caisse de Compensation Locative
Managing Partner

Supervisory Board

Bruno Moschetto
Chairman of the Supervisory Board
Senior Lecturer at ESCP Europe

Alain Lefèvre
CEO of Haussmann Investissement Managers

Stéphane Gros
Manager of Le Patrimoine industriel

Fabien Ouaki
Chairman & CEO of Sky Gift Finance

Jean-Philippe Robic
Inter-Company and Public Procurement Mediator

Statutory auditors

Principal statutory auditors

William Nahum Associés et Partenaires
Represented by William Nahum

Hoche Audit
Represented by Laurence Zermati

Alternate statutory auditors

Auditoring international
Represented by Nicolas Metge

Jean-Pierre Bard

SUMMARY

1 **MANAGEMENT** REPORT PRESENTING THE **CONSOLIDATED FINANCIAL** STATEMENTS FOR THE 2019 FINANCIAL YEAR

ATTESTATION

I, the undersigned Joël-Alexis Bialkiewicz, acting as Managing Partner of Banque Delubac & Cie, a General Partnership with €11,695,776 in capital, listed in the Aubenas Companies Registered under number 305 776 890 B, whose registered office is located at 16 Place Saléon Terras – 07160 Le Cheylard, with address for service at its offices located at 10 rue Roquépine – 75008 Paris, duly authorized for theses purposes.

Acknowledges that the consolidated financial statements of the Delubac & Cie Group as of 31 December 2019, showing consolidated shareholders' equity-groupshare of €44,523K and consolidated net income-group share of €8,730K, were approved by the Audit Committee meeting on 18 March 2020.

Attestation issued for all legal intents and purposes

Paris, 18 March 2020,
Joël-Alexis Bialkiewicz,
Managing Partner

Ladies and Gentlemen,

We have called this Annual General Meeting in accordance with the articles of association and the provisions of the Second Book of the French Commercial Code to provide a report on the activity of the Banque Delubac & Cie group during the financial year ended 31 December 2019, its results and its outlook, and submit for your approval the consolidated financial statements for the 2019 financial year. These consolidated financial statements also include their notes.

The convening notices required by law have been duly sent to you. Furthermore, all the documents provided for by the regulations in force have been communicated and made available to you within the time limits set.

During this Meeting, you will also find the Supervisory Board report and the Statutory Auditors' report on the consolidated financial statements.

Serge Bialkiewicz,
Senior Managing Partner

1. Highlights of the financial year and events subsequent to the year end

French Prudential Control and Resolution Authority

On 24 July 2019, the General Secretariat of the French Prudential Control and Resolution Authority (ACPR) sent the Managing Partners of Banque Delubac & Cie a follow-up letter setting out all the injunctions issued by the general inspectorate, resulting from the inspection carried out in the 2018 financial year and relating to the credit process. This letter was the subject of a report to the institution's supervisory body.

It should be noted that the follow-up letter is the most favourable process for the Bank, no penalty having been requested.

The injunctions relate to improvements to the credit process, the management of disputes and the monitoring of provisions for additional depreciation, requested by the ACPR's general inspectorate.

All the requested provisions were recorded during the year. The Bank's response was sent during the last quarter of 2019.

Regarding operations with Iran, the follow-up letter acknowledges our very specialised process for monitoring sanctions and finds no breaches. It does not call for a specific response.

Sale of the bond portfolio

In 2019, in order to meet the capital requirements set by the ACPR, Banque Delubac & Cie was forced to carry out an exceptional sale of its bond assets, generating a substantial unrealised gain of 50,448,000 euros. Such a transaction falls within the scope of the exceptions to the rule prohibiting reinvestment in investment securities for two years, that is, until 31 December 2021. A consultation on the possibility of not having to apply this rule is under way.

FGBR (Fund for General Banking Risk) allocation

In accordance with article 3 of Banking and Financial Regulatory Committee (CRBF) regulation no. 90-02, it was decided to allocate 12 million euros to the fund for general banking risks.

Sale of MCA Finance

On 29 March 2019, the 38.12% stake held in MCA Finance was sold for the sum of 3,869,000 euros. The consolidated capital gain resulting from this sale amounted to 2,103,000 euros.

Exercise of finance lease options

The FFLE subsidiary exercised the option of three finance leases during the 2019 financial year for an amount of one euro for each contract.

Events subsequent to the year end

At the end of the 2019 financial year, there were no significant events after the financial year that should have resulted in a recording in the consolidated balance sheet, or in the consolidated profit and loss account, or in the notes appended to the consolidated financial statements.

2. Changes in presentation and accounting valuation methods

Error corrections

Changes in estimates and application methods

An estimate is revised if the circumstances on which it was based are changed due to new information or better experience.

The effects of changes in estimates are recorded prospectively and do not affect equity.

As such, a change was made to the estimate and application methods in the 2019 corporate financial statements for intangible assets. IT developments are now recorded in expenses for the year.

In addition, the amortisation period of certain intangible assets has been reduced from 10 to 8 years.

No changes were made to the estimate or the application methods in the 2018 corporate financial statements.

Changes in the presentation of the consolidated balance sheet items and the consolidated profit and loss account items

In order to improve the presentation of the financial situation and the financial performance of Banque Delubac & Cie, reclassifications can be made within the balance sheet items and profit and loss account items.

In 2019, the following reclassifications were made to the profit and loss account:

- The fees of advisers engaged within the framework of the recovery of debts and not recovered from the debtors are no longer entered in the "Cost of risk" section. The same applies to credit insurance taken out by Banque Delubac & Cie. All of these charges are presented in "General operating expenses";
- The costs relating to bank card operations have been reclassified from "General operating expenses" to the "Commissions - Expenses" item.

No change in presentation was made in the 2018 corporate financial statements.

Change in accounting method

No change in the accounting method was made in the consolidated financial statements for the years 2019 and 2018.

3. Presentation of Delubac & Cie group activities

THE **DELUBAC & CIE GROUP** MAIN ACTIVITIES ARE AS FOLLOWS:

RESTRUCTURING BANKING

Banque Delubac & Cie

PROPERTY ADMINISTRATORS BANKING

Banque Delubac & Cie

CORPORATE BANKING KNOWN AS “IN BONIS”

Banque Delubac & Cie

SAVINGS MANAGEMENT BANKING INCLUDING PRIVATE BANKING

Banque Delubac & Cie, Delubac Asset Management

CORPORATE & INVESTMENT BANKING

Banque Delubac & Cie

REAL ESTATE ACTIVITY

Astorg Immobilier, Compagnie Foncière du Confluent, Foncière Francilienne de Locaux d’Entreprises

DEBT COLLECTION ACTIVITY

Haussmann Recouvrement

4. Scope of consolidation of the group

No changes were made to the scope of consolidation in 2019.

As of 31 December 2019, the Delubac & Cie group included the following companies within its scope of consolidation:

- 100%-owned **Delubac Asset Management**, fully integrated;
- 92.27%-owned **Compagnie Foncière du Confluent, fully integrated;**
- 100%-owned **Astorg Immobilier, fully integrated;**
- 45%-owned **Foncière Francilienne de Locaux d'Entreprises, proportionately integrated;**
- 100%-owned **Haussmann Recouvrement**, fully integrated.

The following companies are not consolidated in the consolidated financial statements:

- 45.6%-owned **Delubac Schor Bialkiewicz**, since it is not significant in relation to the consolidated financial statements;
- **FST Holding and FST SAS**, 15% and 24%-owned respectively;
- 16.67%-owned **ANSERIS**, the Group having no significant influence over these companies.

5. Transfer from corporate income and shareholder's equity to consolidated income and shareholder's equity

5.1 TRANSFER FROM CORPORATE NET PROFIT TO CONSOLIDATED NET PROFIT (GROUP SHARE)

Consolidation restatements are the source of the differences between the Company's net profit and the Group's consolidated net profit.

(In thousands of euros)	2019	2018
Banque Delubac & Cie corporate net profit	**12,141**	**(3,340)**
Corporate income of subsidiaries excluding FFLE (1)	(1,814)	(1,277)
Corporate - Consolidated income difference / Gentilly sale income	-	(2,143)
Corporate - Consolidated income difference / MCA Finance sale income	377	-
Amortisation of revaluations of FFLE assets	(555)	(511)
(Dotation)/Carried forward/Goodwill	112	500
Tax consolidation products	(2,996)	873
Restatements of finance leases/FFLE	350	761
Reversal of corporate amortisation/CFC	26	26
Cancellation of corporate amortisation Résaliance	20	20
Deferred taxes/Consolidation restatements	196	607
IDA depreciation prior to tax consolidat	-	(149)
Dotation for retirement benefits	(27)	17
Dotation/(Carried forward)/Provisions for special amortisations	90	351
Net deferred taxes for temporary differences	800	23
Minority interests/Cie Foncière du Confluent income	10	4
Consolidated net profit - Group share	**8,730**	**(4,238)**
Corporate income - Consolidated income difference	*(3,411)*	*(898)*

(1) Article 28 of the company's articles of association stipulates that its profit must be distributed among the partners pro-rata to the number of their shares. Consequently, Banque Delubac & Cie reports its share of the profit due at the end of each financial year in its corporate financial statements, for accounting and tax purposes.

5.2 TRANSFER FROM CORPORATE SHAREHOLDERS' EQUITY TO CONSOLIDATED SHAREHOLDERS' EQUITY

The following consolidation restatements are the source of the differences between the Company's shareholders' equity and the Group's consolidated shareholders' equity.

(In thousands of euros)	31-12-2019	31-12-2018
Corporate shareholders' equity (excluding FRBG)	**53,705**	**41,841**
Corporate income - Consolidated income difference (see 5.1)	*(3,411)*	*(898)*
Corporate reserves of subsidiaries	(6,896)	(5,986)
Consolidation restatements/Reserves (1)	*1,125*	*836*
Consolidated shareholders' equity - Group share (excluding FRBG)	**44,523**	**35,793**

(1) The main consolidation restatements are as follows:

• Capital gains on transferred assets/ Delubac Asset Management securities	(4,295)	(4,295)
• Restatement of internal margins/Cie Foncière du Confluent	(3,802)	(3,802)
• Deferred taxes assets/Consolidation restatements	6,527	5,623
• Decrease in Gentilly sale income	(2,143)	-
• Provision for retirement benefits	(1,659)	(1,676)
• Deferred taxes liabilities/Consolidation restatements	(390)	(879)
• Restatements of finance leases/FFLE	2,732	2,495
• Goodwill amortisation	(4,454)	3,954

6. Analysis of the consolidated balance sheet and profit and loss account

It should be noted that the 2019 consolidated financial statements as well as the comparative data for the 2018 financial year presented in this document were established in accordance with the provisions of regulation no. 99-07 of the Accounting Regulation Committee (CRC) relating to the rules of consolidation of companies under the Banking and Financial Regulation Committee (CRBF).

6.1 SUMMARY PRESENTATION OF THE CONSOLIDATED BALANCE SHEET

The contribution of the various items to the total of the consolidated balance sheet is as follows:

Consolidated assets (in %)	31-12-2019	31-12-2018
Interbank and similar transactions	61.6	20.6
Client operations	16.9	18.1
Financial assets and investments	6.3	45.7
Intangible and tangible fixed assets	12.9	13.0
Accruals and deferred income, miscellaneous assets, unpaid capital	2.3	2.6
Total	**100.0**	**100.0**

Consolidated liabilities (in %)	31-12-2019	31-12-2018
Interbank and similar transactions	0.2	6.6
Client operations	88.3	85.5
Accruals and deferred income and miscellaneous liabilities	3.8	3,.0
Provisions	0.5	0.4
Fund for General Banking Risks	1/5	-
Consolidated equity	5.7	4.5
Total	**100.0**	**100.0**

6.2 ANALYSIS OF THE CONSOLIDATED BALANCE SHEET (THOUSANDS OF EUROS)

The total consolidated balance sheet closed on 31 December 2019 was 780,933,000 euros compared to 796,900,000 euros at the end of 2018, i.e. a decrease of 2%.

- This decrease of 15,967,000 euros derives mainly from the evolution of:

Cash and investments	3,741
Client operations	(12,196)
Long-term investments	(1,419)
Uncalled subscribed capital	(1,498)
Accruals and deferred income	(1,513)
Fixed assets	(3,090)

- The variation in uses finds its counterpart in that of the following resources:

Interbank transactions	(51,173)
Client operations	8,218
Accruals and deferred income and miscellaneous liabilities	5,813
Provisions	455
Fund for General Banking Risks	12,000
Shareholders' equity	8,730

Regarding assets, changes in the respective weights of interbank transactions and financial fixed assets derive from the sale of the bond portfolio in 2019.

Regarding liabilities, the respective weight of each of the main items remains stable. The fund for general banking risks was endowed with up to 12,000,000 euros at the end of 2019. The other items remained stable from one year to the next.

- The types of receivables due from clients (excluding depreciations of doubtful debts) were distributed as follows at 31 December 2019:

Trade receivables/Factoring	35.7%
Ordinary accounts receivable	42.0%
Other client assistance	22.3%

- The main average client deposits by department for the 2019 financial year were as follows:

Property Administrators Banking	48.4%
Restructuring Banking	33.3%
Corporate Banking	15.2%
Savings Management Bank	3.1%

At 31 December 2019, consolidated equity amounted to 44,523,000 euros and represented 33.7% of the amount of outstanding client loans.

The change of 1.2% in client deposits compared to the previous financial year was 8,218,000 euros.

Minority interests reflect the share of Associates outside the Group in the 2019 consolidated profit and loss account, the consolidated reserves and the capital of 15,110,000 euros of the subsidiary Compagnie Foncière du Confluent.

At the end of the 2019 financial year, the “Consolidated shareholders’ equity - Group share” increased by the amount of the 2019 profit, by 8,730,000 euros.

6.3 SUMMARY PRESENTATION OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

The key indicators of consolidated financial performance are as follows:

Consolidated profit and loss account (in thousands of euros)	2019	2018
Banking products	37,748	39,618
Bank charges	(6,828)	(4,263)
Net banking income (NBI)	**30,920**	**35,355**
Gross operating income	(14,509)	288
Operating income	(23,702)	(7,791)
Income before tax	28,850	(6,160)
Exceptional income	212	64
Income taxes	(8,454)	-
Fund for general banking risks	(12,000)	-
Consolidated net profit - Group share	**8,730**	**(4,238)**

6.4 ANALYSIS OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (IN THOUSANDS OF EUROS)

For the 2019 financial year, net banking income (NBI) stood at 30,920,000 euros. This decrease of 12.5% compared to the previous year is mainly due to the reclassification of costs relating to bank card operations from “General operating expenses” to the “Commissions - Expenses” item.

Gross operating income for the 2019 financial year amounted to (14,361,000) euros, with total general operating expenses and amortisation and depreciation amounting to (45,281,000) euros. The increase in general operating expenses is essentially due to the participation of employees and profit-sharing, i.e. 2,912,000 euros, the increase of external services to the sum of 3,822,000 euros and the staff remuneration of 2,779,000 euros (social charges, taxes and levies on wages included).

After a “Cost of risk” charge of (9,341,000) euros, the operating income stood at 23,702,000 euros.

Current profit before tax stands at 28,850,000 euros. “Gains or losses on fixed assets” record the gain on sale of the bond portfolio and the gain on sale of MCA Finance shares for a total amount of 52,552,000 euros.

The exceptional income for the 2019 financial year amounted to 212,000 euros.

The corporate tax charge, net of deferred tax charges and income, amounts to (8,454,000) euros.

After the reversal of goodwill of 112,000 euros (bad will FFLE) and the allocation of 12,000,000 euros to the fund for general banking risks, the consolidated net income for 2019 amounts to 8,730,000 euros for the Group’s share, against (4,238,000) euros at the end of 2018.

7. APPLICATION OF REGULATION NO. 575/2013 CONCERNING PRUDENTIAL REQUIREMENTS

The information whose publication is required by European Union regulation no. 575/2013 is available on the internet at the following URL address:

https://www.delubac.com/images/pdf/Delubac-annual-report-2019.pdf

2 | **MANAGEMENT** REPORT PRESENTING THE CORPORATE **FINANCIAL STATEMENTS** FOR THE 2019 FINANCIAL YEAR

ATTESTATION

I, the undersigned Joël-Alexis Bialkiewicz, acting as Managing Partner of Banque Delubac & Cie, a General Partnership with €11,695,776 in capital, listed in the Aubenas Companies Registered under number 305 776 890 B, whose registered office is located at 16 Place Saléon Terras – 07160 Le Cheylard, with address for service at its offices located at 10 rue Roquépine – 75008 Paris, duly authorized for theses purposes,

Acknowledge that the financial statements of the Delubac & Cie Group as of 31 December 2019, showing consolidated shareholders' equity of €53,704K and net income of €12,141K were approved by the Audit Committee meeting held on 18 March 2020.

Attestation issued for all legal intents and purposes

Paris, 18 March 2020,
Joël-Alexis Bialkiewicz,
Managing Partner

Ladies and Gentlemen,

We have called this Annual General Meeting in accordance with the articles of association and the provisions of Second Book of the French Commercial Code to give you an account of the activity of Banque Delubac & Cie during the financial year ended 31 December 2019, the results of this activity and its outlook, and submit for your approval the corporate financial statements for the 2019 financial year. These corporate financial statements also include their notes.

The convening notices required by law have been duly sent to you. Furthermore, all the documents provided for by the regulations in force have been communicated to you and made available to you within the time limits set.

During this Meeting, you will also find the Supervisory Board report and the Statutory Auditors' report on the annual financial statements

Serge Bialkiewicz,
Senior Managing Partner

1. ECONOMIC ENVIRONMENT

The 2019 financial year will be remembered for its negative rates, Brexit and a trade escalation between the United States and China. The management of the European Central Bank has been taken over by Mrs Christine Lagarde, who should maintain a very accommodating monetary policy.

2. SITUATION AND ACTIVITY OF THE COMPANY DURING THE 2019 FINANCIAL YEAR

2.1 HIGHLIGHTS OF THE YEAR

French Prudential Control and Resolution Authority

On 24 July 2019, the General Secretariat of the French Prudential Control and Resolution Authority (ACPR) sent the Managing Partners of Banque Delubac & Cie a follow-up letter setting out all the injunctions issued by the general inspectorate, resulting from the inspection carried out in 2018 and relating to the credit process. This letter was the subject of a report to the institution's supervisory body.

It should be noted that the follow-up letter is the most favourable process for the Bank, as no sanctions were requested.

The injunctions relate to improvements to the credit process, the management of disputes and the monitoring of provisions for additional depreciation, requested by the ACPR's general inspectorate.

All the requested provisions were recorded during the year. The Bank's response was sent during the last quarter of 2019.

Regarding operations with Iran, the follow-up letter acknowledges our very specialised process for monitoring sanctions and finds no breaches. It does not call for a specific response.

Sale of the bond portfolio

In 2019, in order to meet the capital requirements set by the ACPR, Banque Delubac & Cie was forced to carry out an exceptional sale of its bond assets, generating an unrealised gain of 50,448,000 euros. Such a transaction falls within the scope of the exceptions to the rule prohibiting reinvestment in investment securities for two years, that is, until 31 December 2021. A consultation on the possibility of not having to apply this rule is currently under way.

FGBR (Fund for General Banking Risk) allocation

In accordance with article 3 of Banking and Financial Regulatory Committee (CRBF) regulation no. 90-02, it was decided to allocate 12 million euros to the fund for general banking risks.

Sale of MCA Finance

On 29 March 2019, the 38.12% stake held in MCA Finance was sold for an amount of 3,869,000 euros. The capital gain resulting from this sale amounted to 1,726,000 euros.

2.2 ACTIVITY OF THE COMMERCIAL BRANCHES

Restructuring Banking

While the first months of 2019 confirmed the repercussions of social movements, the end ended with a level of business failure at the lowest for 10 years (52,002 cases, or -4.8% versus 2018). Three quarters of the judgements concerned small businesses (39,000) with less than three employees.

In this rather favourable economic context, the difficulties of SMEs with more than 50 employees did not abate and turned out to be more worrying (even though 80% of them escaped liquidation).

Nearly 347 SMEs with more than 50 employees defaulted in 2019, that is 13.8% more than at the end of 2018 (with an acceleration in the last quarter), jeopardising nearly 173,800 jobs.

Receiverships and direct liquidations concern 98% of the files in all procedures for only 2% of backups (down 7.9%).

Receiverships fell by 3%, which represents 15,875 in "observation periods" open across the country, the lowest level recorded since 2002.

In this difficult 2019 context, thanks to sustained commercial activity, the figures for the legal bank held up well, limiting the impact of this downward trend in proceedings.

1,616 files were opened across the country in 2019.

This performance, despite very low rates, allows the legal bank once again, to maintain its role of co-leader in this specialised market of lender of last resort, with net banking income at 14,689,000 euros against 15,026,000 euros the previous year, which remains satisfactory in view of the general market decline, which is at its lowest in 18 years.

Property Administrators Banking

The department broke new records in 2019 in terms of increase in demand deposits and average balances.

Demand deposit growth was 11.8%, with an average balance for the first time above 300 to 324 million euros.

Commercial activity is developing in the provinces: in Menton, Reims, Lille, Marseille, Angers and Rouen.

The reputation and expertise of the employees of the department give a professional image to the players in the sector.

The billing system and cost control have enabled a profitable operating result.

New challenges are opening up for the department in 2020, with the marketing of digital banking, a new billing system and the launch of new products.

Corporate Banking

Despite a deteriorating and still uncertain economic context, the Corporate & Investment Bank department recorded a 22% increase in its activity in 2019, therefore enabling it to generate a positive operating profit that grew strongly compared to 2018.

During this financial year, the team was once again able to demonstrate its ability to intervene in very distinct areas of expertise with a very pronounced desire for openness internationally:

- Initial Public Offering
- Private fundraising
- M&A

These various operations therefore allow our institution to benefit from interesting media spin-offs and to be recognised a little more each year as a real player in the corporate financing and financial transactions advisory services for listed and unlisted companies.

Savings management bank and subsidiary Delubac Asset Management

No two years are the same. Driven by central banks, stock markets soared in 2019 - almost all asset classes having increased, a rare occurrence in financial history: the CAC gained 26%, the Euro Stoxx 50 index almost 25%, the S&P 500 index 29%, the Nasdaq 36% and the main Chinese stock index 33%.

However, the sources of uncertainty remain in 2020: the Sino-American relationship, geopolitical tensions with the Persian Gulf, the outcome of Brexit and speculative bubbles in the making (see accommodating policies).

With regard to Delubac Asset Management, the range of funds open to the public increased between 6% and 20% depending on the strategy, catching up with the “annus horribilis” recorded in 2018: performance however insufficient in the face of competition to curb the continuous outflow phase in 2019: (63) million euros.

Under these conditions, the managers of Delubac Asset Management will have to demonstrate selectivity and innovation (niche strategies) in 2020, traditional asset management having shown these limits in this new environment.

Net profit at 31 December 2019 was up, amounting to 15,000 euros compared to 455,000 euros the previous year (exceptional revenues from RTO and policy of reducing operating expenses in particular).

In respect of the Savings Management division as a whole (direct and indirect clients), the quality of service and the digitalisation of the client journey remain major challenges for the institution: the deployment of a new digital solution with facial recognition in the first quarter of 2020 being one of the first milestones of this strategy. Asset-backed credit facilities remain the niche service of the department.

All of the assets that were managed, advised and deposited with the Savings Management department represented at the end of December 2019, 505 million euros compared to 522 million euros previously (the market effect significantly reducing the outflows).

Corporate Banking

The 2019 financial year was part of a macroeconomic context in line with that of 2018.

The department continued to select its portfolio of new clients by focusing its development on a clientele of intermediate-sized enterprises and key accounts, of high quality and therefore highly courted, the corollary being more competitive conditions. In addition, the work of closing certain accounts continued.

Retail banking income for 2019 in net banking activity increased significantly compared to that of the 2018 financial year, at 26%.

The demand to set up very short-term loans (factoring, Dailly, discount, cash facility) is still present, even if the contribution to the result remains stable in terms of amount, because these pricing conditions are part of a competitive market. These are essentially very-small enterprises, emerging from turbulent zones but also multi-banked intermediate-sized enterprises. Factoring is the solution that clients favour due to its simplicity and the provision of credit insurance. Client confidence ensures the reputation of the Bank and helps develop its network of providers.

In this economic context of low interest rates, the Corporate Banking supports its clients in order to meet their cash flow needs, but also, through tailor-made operations. To this end, they have continued to develop their team in order to better respond to different requests.

At the same time, the volume of accounts being opened for individuals, for whom the limited partnership inspires confidence, continues. Co-opting satisfied clients with the services provided remains the best way to attract new ones.

2.3 CASH MANAGEMENT

In 2019, in order to meet the capital requirements set by the ACPR, Banque Delubac & Cie was forced to carry out an exceptional sale of its bond assets, generating a substantial unrealised gain. Usually, such a transaction is part of the exceptions to the rule prohibiting reinvestment in investment securities for two years. However, with due care, the establishment has made a provision to take into account the risk of not being able to reinvest in investment securities until 31 December 2022, and is currently consulting on the possibility of not having to apply this rule. In any event, should the ban on reinvesting in investment securities unexpectedly apply, the operation would remain extremely profitable over time.

3. ANALYSIS OF THE 2019 PROFIT AND LOSS ACCOUNT AND BALANCE SHEET

It should be noted that the Banque Delubac & Cie corporate financial statements for the 2019 financial year , as well as the comparative data for the 2018 financial year, were established in accordance with the provisions of regulation no. 91-01 of the Banking and Financial Regulatory Committee (CRBF) relating to the establishment and publication of the individual annual accounts of credit institutions, as well as to the accounting principles generally accepted in the French banking profession.

The corporate financial statements for the financial year 2019 of Banque Delubac & Cie, as well as the comparative data for the financial year 2018 presented in this document, were established in accordance with the provisions of regulations no. 2014-07 and no. 2014-03 of the Accounting Standards Authority (ANC) relating respectively to the accounts of companies in the banking sector and to the general chart of accounts.

Regulation no. 2014-03 has been modified by the ANC regulation no. 2015-06.

The presentation of the financial statements complies with the provisions of ANC regulation no. 2014-07.

3.1 ANALYSIS OF THE PROFIT AND LOSS ACCOUNT (IN THOUSANDS OF EUROS)

The main interim management balances of Banque Delubac & Cie are as follows:

Interim management balances	2019	2018
Net banking income	29,082	37,063
Gross operating income	(12,576)	5,382
Operating income	(21,917)	(2,866)
Income before tax	30,528	(2,866)
Net income	**12,141**	**(3,340)**

Net banking income (NBI) stood at 29,082,000 euros for the 2019 financial year, i.e. a decrease of 22% compared to the previous year. The 2018 income recorded the share of the FFLE subsidiary's profit of 4,101,000 euros, due to the capital gain on the sale of a property located in Gentilly. This share of profit amounted to 917,000 euros in 2019.

In order to determine the contribution of the various activities to the NBI, the principle adopted is to allocate to claims and deposits on their clientele, remuneration at a risk-free placement rate. This rate was set at 0.20% of resources and 1.7% of jobs for the 2019 and 2018 financial years. The other activities are made up of the Banque Delubac & Cie investment income, after deduction of the compensation allocated to the activities as well as banking operations not allocated to the activities.

Contribution of activities to the NBI (%)	2019	2018
Legal Bank	50.5	40.5
Business Bank	22.0	13.7
Property Managers’ Bank	5.1	3.9
Savings Management Bank	1.6	1.3
Business Bank	2.0	1.3
Other banking transactions	18.8	39.3
Total	**100.0%**	**100.0%**

General operating expenses amounted to (39,415,000) euros compared to (30,275,000) euros the previous year. This increase is due mainly to the employees’ shareholding and profit-sharing, i.e. 2,912,000 euros, the increase in external services to the sum of 3,807,000 euros and staff remuneration of 2,461,000 euros (social security contributions, taxes and levies on wages included).

The amount of depreciation and amortisation increased by 837,000 euros, taking into account changes in estimation methods relating to intangible assets (see para. 6.1.4).

As a result of these developments, gross operating income for the 2019 financial year amounted to (12,576,000) euros compared to 5,382,000 euros at the end of 2018.

After a 2019 cost-of-risk charge of (9,341,000) euros, the operating income amounted to (21,917,000) euros.

The gains realised on the disposal of fixed assets for an amount of 52,715,000 euros (sale of the bond portfolio and the stake in MCA Finance, see para. 2.1) show a current income of 30,258,000 euros before tax for the financial year.

After a tax on earnings of (6,454,000) euros and an allocation to regulated provisions and to the Fund for General Banking Risks of (11,723,000) euros (see para. 2.1), the 2019 net income after tax amounts to 12,141,000 euros.

3.2 ANALYSIS OF THE BALANCE SHEET (THOUSANDS OF EUROS)

The balance sheet total at 31 December 2019 stood at 784,981,000 euros compared to 794,829,000 euros for the previous year. This decrease of (9,848,000) euros derives mainly from the evolution of:

Cash and investments	4,366
Client operations	(7,729)
Long-term investments	(1,795)
Uncalled subscribed capital	(1,498)
Accruals and deferred income	(818)
Fixed assets	(2,001)

The variation in uses finds its counterpart in that of the following resources:

European Central Bank loans	(50,000)
Other liabilities	9,862
Accruals and deferred income	(2,070)
Fund for General Banking Risks	12,000
Client operations	8,603
Shareholders' equity	11,864

The contributions of the various items to the total of the balance sheet are as follows:

Assets (%)	31-12-2019	31-12-2018
Interbank and similar transactions	60.8	20.2
Client operations	25.6	26.3
Financial assets and investments	10.7	50.1
Intangible and tangible fixed assets	0.9	1.1
Uncalled subscribed capital	-	0.2
Prepayments and accrued income and other assets	2.0	2.1
Total assets	**100.0%**	**100.0%**

Liabilities (en %)	31-12-2019	31-12-2018
Interbank and similar transactions	0.1	6.4
Client operations	88.2	86.0
Accrued liabilities and deferred income and other liabilities	3.2	2.1
Provisions	0.2	0.2
Fund for General Banking Risks	1.5	-
Shareholders' equity	6.8	5.3
Total liabilities	**100.0%**	**100.0%**

Regarding assets, changes in the respective weights of interbank transactions and financial fixed assets derive from the sale of the bond portfolio in 2019.

Regarding liabilities, the respective weight of each of the main items remains stable. The fund for general banking risks was endowed with up to 12,000,000 euros at the end of 2019. The other items remained stable from one year to the next.

- The types of receivables due from clients (excluding depreciations of doubtful debts) were distributed as follows at 31 December 2019:

Trade receivables/Factoring	24.33%
Ordinary accounts receivable	19.093%
Other client assistance	55.74%

- The main average client deposits by department for the 2019 financial year were as follows:

Property Managers' Bank	48.4%
Legal Bank	33.3%
Business Bank	15.2%
Savings Management Bank	3.1%

At 31 December 2019, shareholders' equity amounted to 53,705,000 euros and represented 26.7% of the amount of outstanding client loans.

4. EVENTS SUBSEQUENT TO THE YEAR END

At the end of the 2019 financial year, there were no significant events after the financial year that should have resulted in a recording in the balance sheet, or in the profit and loss account, or in the notes appended thereto.

5. RESEARCH AND DEVELOPMENT ACTIVITY

Pursuant to Article L 232-1 of the French Commercial Code, we inform you that the company did not incur any research and development expenses during the 2019 financial year.

6. CHANGES IN PRESENTATION AND ACCOUNTING VALUATION METHODS

6.1 ACCOUNTING CHANGES

6.1.1 CHANGES IN ESTIMATES AND APPLICATION METHODS

An estimate is revised if the circumstances on which it was based are changed due to new information or better experience.

The effects of changes in estimates are recorded prospectively and do not affect equity.

As such, a change was made to the estimate and application methods in the 2019 corporate financial statements for intangible assets. IT developments are now recorded in expenses for the year.

In addition, the amortisation period of certain intangible assets has been reduced from 10 to 8 years.

No changes were made to the estimate or the application methods in the 2018 corporate financial statements.

6.1.2 CHANGES IN THE PRESENTATION OF THE BALANCE SHEET ITEMS AND THE PROFIT AND LOSS ACCOUNT ITEMS

In order to improve the presentation of the financial situation and the financial performance of Banque Delubac & Cie, reclassifications can be made within the balance sheet items and profit and loss account items.

In 2019, the following reclassifications were made to the profit and loss account:

- The fees of advisers engaged within the framework of the recovery of debts and not recovered from the debtors are no longer entered in the "Cost of risk" section. The same applies to credit insurance taken out by Banque Delubac & Cie. All of these charges are presented in "General operating expenses";
- The costs relating to bank card operations have been reclassified from "General operating expenses" to the "Commissions - Expenses" item.

No change in presentation was made in the 2018 corporate financial statements.

6.1.3 ERROR CORRECTIONS

Error corrections are the result of errors, material omissions, or misinterpretations in previous financial years. As such, no corrections were made in the financial statements for the years 2019 and 2018.

6.1.4 CHANGES IN ESTIMATE METHODS

An estimate is revised if the circumstances on which it was based are changed due to new information or better experience.

The effects of changes in estimates are recorded prospectively and do not affect equity.

As such, a change was made to the estimate and application methods in the 2019 corporate financial statements for intangible assets. IT developments are now recorded in expenses for the year.

In addition, the amortisation period of certain intangible assets has been reduced from 10 to 8 years.

No changes were made to the estimate or the application methods in the 2018 corporate financial statements.

6.2 APPLICATION OF NEW ACCOUNTING REGULATIONS

No new accounting regulations were applied for 2019 and 2018.

7. INFORMATION RELATING TO ACTIVITIES OR LOCATIONS IN NON-COOPERATIVE COUNTRIES

Under article 238-0 A of the General Tax Code, the States and territories whose situation with regard to transparency and the exchange of information in tax matters has been the subject of an examination by the Organisation for Economic Co-operation and Development and which, as of this date, have not concluded an administrative assistance agreement with France allowing the exchange of any information necessary for the application of the parties' tax legislation, nor signed such an agreement with at least twelve States or territories are considered as non-cooperative. The list of non-cooperative States and territories was updated by ministerial decree of 8 April 2016.

Financial Institutions must indicate the absence or existence of activities or establishments in non-cooperative States or territories.

For Banque Delubac & Cie, during the 2019 financial year, there was no activity or establishment in these States or territories.

8. MENTION OF PAYMENT TERMS APPLIED TO SUPPLIERS AND CLIENTS

Pursuant to Article L 441-6-1 of the French Commercial Code, companies whose annual accounts are certified by a statutory auditor are subject to the provisions of article D. 441-4 of the said code.

These provisions are applicable to financial years beginning on or after 1 July 2016,

These companies are required to publish in their management report information relating to the payment terms of their suppliers and their clients.

	Article D. 441 I.-1°: Invoices received that have not been paid by the closing date of the financial year for which they are due					
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Late payment instalments						
Number of invoices concerned	1	-	-	-	-	-
Total amount of invoices concerned excl. tax	3,693	257,244	7,768	0	2,345	271,049
Percentage of the total amount of purchases (excl. tax) for the financial year	0.03%	2.30%	0.07%	0.00%	0.02%	0.00%
Percentage of turnover (excl. tax) for the financial year	-	-	-	-	-	-
(B) Invoices excluded from (A) relating to disputed or unrecorded payables and receivables						
Number of invoices excluded	5					
Total amount of invoices excluded	76,229					
(C) Reference payment terms used (contractual or legal deadline - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						
Payment terms used to calculate late payments	☒ Contractual deadlines: (specify) 30 days ☐ Legal deadlines: (specify)					

	Article D. 441 I.-2°: Invoices issued that have not been paid by the closing date of the financial year for which they are due					
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Late payment instalments	-	-	-	-	-	-
Number of invoices concerned	-	-	-	-	-	-
Total amount of invoices concerned excl. tax	0	12,000	24,000	0	30,000	66,000
Percentage of the total amount of purchases (excl. tax) for the financial year	-	-	-	-	-	-
Percentage of turnover (excl. tax) for the financial year	0	0.03	0.06	0	0.08%	0.18%
(B) Invoices excluded from (A) relating to disputed or unrecorded debts and receivables						
Number of invoices excluded	1					
Total amount of invoices excluded	12,000					
(C) Reference payment terms used (contractual or legal deadline - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						
Payment terms used to calculate late payments	☒ Contractual deadlines: upon receipt ☐ Legal deadlines: 30 days					

These provisions are applicable to financial years beginning on or after 1 July 2016.

These companies are required to publish in their management report information relating to the payment terms of their suppliers and their clients.

9. APPLICATION OF REGULATION NO. 575/2013 CONCERNING PRUDENTIAL REQUIREMENTS

The information whose publication is required by European Union regulation no. 575/2013 is available on the internet at the following URL address:

https://www.delubac.com/images/pdf/Delubac-annual-report-2019.pdf

10. BANK DELUBAC & CIE'S FORECASTS AND OUTOOK

Forecasting for the general economy remains difficult. However, the institution's profile remains acyclical and therefore relatively independent of it. It goes without saying that the significant strengthening of its equity offers new development prospects.

11. SUBSIDIARIES AND SHAREHOLDINGS

Table of book values of subsidiaries and shareholdings

(In thousands of euros)	31-12-2019	31-12-2018
Compagnie Foncière du Confluent	15,000	15,000
FFLE	11,407	11,407
Delubac Asset Management	7,380	7,380
MCA Finance	-	2,143
Haussmann Recouvrement	1,000	1,000
FST SAS	799	799
Mars Occidentale	229	229
Dépréciation Mars Occidentale	(229)	(229)
FST Holding	190	190
Astorg Immobilier	132	132
Certificat Association FGDR Espèces	331	233
GIE UGP	96	96
Delta AM	74	74
Delubac Schor Bialkiewicz	17	17
ANSERIS	250	-
GIE Actions	16	16
SEFI	3	3
Subsidiaries and shareholdings	**36,695**	**38,490**

The data of the main subsidiaries and shareholdings relating to the 2019 financial year are presented in the table below (all of these companies closed their accounts on 31 December):

(Thousands of euros)	Net banking income	Result	Shareholders' equity	Balance sheet total
Compagnie Foncière du Confluent	1,096	(1,635)	5,763	76,939
Delubac Asset Management	2,261	15	4,011	5,104
FFLE	4,053	2,038	2,040	9,340
Haussmann Recouvrement	206	(198)	228	290

12. SHAREHOLDING

In accordance with Article L 233-6 of the French Commercial Code, we inform you that in 2019 the company took a shareholding of more than 10% in the capital of the company ANSERIS, group of Wealth Management Consultants (CGP).

13. APPROPRIATION OF EARNINGS

The appropriation of the proposed earnings appears in the draft resolutions attached to the convening notices for the General Meeting of 16 April 2020.

14. REMINDER ON THE AMOUNT OF DIVIDENDS DISTRIBUTED

No distribution was decided for the 2018 and 2017 financial years.

A dividend amount of 100,000 euros was distributed for the 2016 financial year.

15. NON-TAX DEDUCTIBLE EXPENSES

In accordance with the provisions of Articles 223 quater and 223 quinquies of the French General Tax Code, we specify that the accounts for the past financial year include an amount of 12,091,000 euros of non-tax deductible charges (Fund for General Banking Risks, goodwill amortisation, excess amortisation, tax on company vehicles, tax on offices).

16. REGULATED AGREEMENTS

Our Statutory Auditors have been informed of a new agreement concluded during the 2019 financial year:

Provision of "Order reception and transmission mandate"

By agreement dated 4 November 2019 and by an amendment dated 30 January 2020, the company Delubac Asset Management performed the service of "Order reception and transmission mandate" for transactions on equity of La Banque Delubac & Cie.

As such, Delubac Asset Management receives from Banque Delubac & Cie:

- 203,048 euros for the 2019 financial year
- 145,639 euros for the 2018 financial year

The agreements concluded in previous years continued during the 2019 financial year.

17. APPENDIX TO THE MANAGEMENT REPORT ON THE CORPORATE FINANCIAL STATEMENTS OF THE 2019 FINANCIAL YEAR

List of terms of office of Managing Partners and General Partners and members of the Supervisory Board

Managing Partners and General Partners

Article 14-1 of the articles of association of Banque Delubac & Cie provides for four statutory general partners.

Name of the General partners	Position	Date of first appointment	Terms of office exercised outside the Company
Serge Bialkiewicz	Senior Managing Partner	13-07-1988	Managing Partner of the Caisse de Compensation Locative Co-Manager of the Cheylaroise de Participation Co-Manager of Eda 1 Manager of Delubac Immobilier
Jean-Michel Samuel-Delubac	Managing Partner	20-05-2001	Co-Manager of the Compagnie Foncière du Confluent
Joël-Alexis Bialkiewicz	Managing Partner	01-01-2012	Majority manager of the Cheylaroise de Participation Managing Partner of the Caisse de Compensation Locative Co-Manager of the Compagnie Foncière du Confluent Manager of Société Privée de Participations Patrimoniale
Caisse de Compensation Locative	Managing Partner	28-05-2008	Co-Manager of the Compagnie Foncière du Confluent

The General Partners are:

- Mr Serge Bialkiewicz ;
- Mr Jean-Michel Samuel-Delubac ;
- Mr Joël-Alexis Bialkiewicz ;
- Mrs Madeleine Samuel ;
- Mrs Jennifer Docquet ;
- Société Privée de Participation Patrimoniale, A Limited Liability Company with a capital of 1,000 euros whose registered office is located at 10, rue Roquépine in Paris 8ème, registered with the Paris Trade and Companies Register under number 752 874.636 RCS Paris. This company is represented by Mr Joël-Alexis Bialkiewicz, Manager ;
- The Caisse de Compensation Locative, limited partnership with a capital of 320,142.94 euros whose registered office is located at 10, rue Roquépine in Paris 8ème, registered in the Paris Trade and Companies Register under number 388.183.626 RCS Paris. The Caisse de Compensation Locative is represented by Mr Serge Bialkiewicz, Manager.

General Partner statement

The experience in the management of these people results from the different salaried and/or executive functions that they previously held.

In addition, to the knowledge of Banque Delubac & Cie:

- No general partner has been convicted of fraud in at least the past five years;
- No general partner has been associated with bankruptcy, receivership or liquidation in at least the past five years;
- No general partner has been the subject of an official public incrimination and/or sanction pronounced by statutory or regulatory authorities in at least the last five years;
- No general partner has been prevented by a Court from acting as a member of an administrative, management or supervisory body of an issuer or from intervening in the management or conduct of the affairs of an issuer in the past five years.

Supervisory Board members

Banque Delubac & Cie's Supervisory Board is made up of five members.

Name	End of mandate date	Functions outside the Company
Alain Lefèvre	General Meeting called to approve the accounts for the 2021 financial year	CEO of Haussmann Investissement Managers
Stéphane Gros	General Meeting called to approve the accounts for the 2020 financial year	Manager of Société Civile Foncière Francilienne de Locaux Entreprises Manager of Société Civile Cortambert Manager of Société Civile Label Manager of SARL Le Patrimoine Industriel
Fabien Ouaki	General Meeting called to approve the accounts for the 2021 financial year	President and CEO of Sky Gift FinancePresident and CEO of Tati Manager of Tati Médias Manager of Brasserie Montmartroise Manager of Société Civile Ecurie Fabien Ouaki
Jean-Philippe Robic	General Meeting called to approve the accounts for the 2021 financial year	National Inter-Business and Public Procurement Mediator Deloitte Consulting partner President of the honorary chamber of the Paris Commercial Court
Bruno Moschetto	General Meeting called to approve the accounts for the 2019 financial year	Member of Société d'Economie Politique Senior Fellow ESCP Europe

Statement on the members of the Supervisory Board

To the knowledge of Banque Delubac & Cie:

- There is no link between the members of the Supervisory Board;
- No member of the Supervisory Board has been convicted of fraud in at least the past five years;
- No member of the Supervisory Board has been associated with bankruptcy, receivership or liquidation in at least the past five years;
- No member of the Supervisory Board has been the subject of an official public incrimination and / or sanction pronounced by statutory or regulatory authorities in at least the last five years;
- No member of the Supervisory Board has been prevented by a Court from acting as a member of an administrative, management or supervisory body of an issuer or from intervening in the management or conduct of the affairs of an issuer in the past five years.

3

SUPERVISORY BOARD REPORT PRESENTING THE **CORPORATE ACCOUNTS** AND CONSOLIDATED **FINANCIAL STATEMENTS** FOR THE 2019 FINANCIAL YEAR

During their meeting on 19 March 2020, the Supervisory Board examined the elements which were made available by the Management and which must be submitted for approval to the General Meeting, the date of which is not yet known due to the current exceptional circumstances.

The following main points were discussed during the session:

- Acknowledgement of the minutes of the Committee to approve the annual accounts of 18 March 2019 and the consolidated financial statements for the 2019 financial year;
- Significant events that have occurred since the date of approval of the accounts for the previous financial year;
- Review of management reports;
- Review of the financial position and performance of the Delubac & Cie group for the 2019 financial year;
- Review of the consolidated financial position and performance of the Delubac & Cie group for the 2019 financial year;
- Acknowledgement of the forecast elements and outlook for Banque Delubac & Cie and its subsidiaries.

The operating procedures of the Committee for the adoption of annual accounts and consolidated financial statements within Banque Delubac & Cie comply with the provisions of Articles L823-20 and L823-19 of the French Commercial Code.

The role of this Committee is to assist the Supervisory Board so that it can ensure the quality of accounting control and the reliability of the financial information presented to the partners of Banque Delubac & Cie. This committee met on 16 March 2020 to examine the draft financial statements and consolidated financial statements of Banque Delubac & Cie for the 2019 financial year.

The Committee informs the Supervisory Board that it has not noted anything specific in the financial statements presented to it.

It is also noted that the corporate financial statements and the consolidated financial statements for the 2019 financial year will be subject to outright certifications by the Statutory Auditors expressed in their reports.

Management then went on to explain to the Supervisory Board the outlook for Banque Delubac & Cie for the coming 2020 financial year. As in previous years, members of the Supervisory Board are reminded that the economic situation and the uncertainties weighing on the success of the stimulus and austerity plans as well as the reduction of the debts of the European states still do not allow much visibility.

However, of the outlook from Management in terms of the development of the banking establishment in 2020 are favourable despite short-term rates (Eonia, Euribor) which, at historically low and even negative levels, penalise the profit-making capacity of a credit institution with a very large surplus of demand deposits.

Corporate financial statements for the 2019 financial year and Management report

After exchanges of opinions between the members of the Supervisory Board, the Chairman indicated that he has no comments to make either on the Management Report or on the set of financial statements for the past financial year that were presented to him.

Consolidated financial statements for the 2019 financial year and Management Report

After exchanges of opinions between the members of the Supervisory Board, the Chairman indicated that he has no comments to make either on the Management Report or on the set of consolidated financial statements for the past financial year that were presented to him.

Draft resolutions at the General Meeting

Finally, the Supervisory Board has no particular comments to make on the draft resolutions to be submitted to the next Annual General Meeting.

Structure of the Supervisory Board

The term of office of Mr Bruno Moschetto, member of the Supervisory Board, expires at the end of the next General Meeting of 2 April 2020.

The General Meeting proposes the appointment of Mrs Gretta SCHOR to the Supervisory Board. Her term of office will end at the General Meeting which will approve the accounts for the 2022 financial year.

4 CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2019 FINANCIAL YEAR

1. CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2019

Consolidated assets (in thousands of euros)	Notes	31-12-2019	31-12-2018
Interbank and similar transactions	(8)	480,850	164,449
Client operations	(9)	132,318	144,514
Bonds, equities and other fixed and variable income securities	(10)	47,488	360,140
Shareholdings, shares in affiliated companies and other long-term securities	(11)	1,776	3,195
Shareholdings in equity-accounted companies	-	-	-
Intangible fixed assets	(12)	3,618	5,486
Tangible fixed assets	(12)	96,794	98,016
Goodwill	(12)	-	-
Uncalled subscribed capital	(13)	-	1,498
Prepayments and accrued income and other assets	(15)	18,089	19,602
Total consolidated assets	**-**	**780,933**	**796,900**

Consolidated liabilities (in thousands of euros)	Notes	31-12-2019	31-12-2018
Interbank and similar transactions	(16)	1,089	52,262
Client operations	(17)	689,894	681,676
Debts evidenced by certificates	-	1	1
Accruals and deferred income and miscellaneous liabilities	(18)	29,677	23,864
Provisions	(19)	3,697	3,242
Mutual Guarantee fund	(20)	-	-
Fund for General Banking Risks (FGBR)	-	12,000	-
Minority interests	(21)	52	62
Consolidated equity - Group share (excluding FGBR)	**(22)**	**44,523**	**35,793**
Subscribed capital	(23)	11,696	11,696
Issuance premiums	-	953	953
Consolidated reserves and others	-	23,144	27,382
Consolidated net profit - Group share	-	8,730	(4,238)
Total consolidated liabilities	**-**	**780,933**	**796,900**

2. OFF-BALANCE SHEET COMMITMENTS AT 31 DECEMBER 2019

(In thousands of euros)	Notes	31-12-2019	31-12-2018
Consolidated given commitments	**-**	**52,289**	**364,250**
Funding commitments	(39)	31,110	350,430
Guarantee commitments	(39)	12,817	10,024
Security-based commitments	(39)	8,314	3,796
Other commitments	(39)	48	-
Consolidated received commitments	**-**	**142**	**91**
Funding commitments	-	-	-
Guarantee commitments	(39)	142	91
Security-based commitments	-	-	-

3. CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE 2019 FINANCIAL YEAR

(In thousands of euros)	Notes	2019	2018
Interest receivable and similar income	(24)	8,768	8,903
Interest payable and similar charges	(25)	(883)	(373)
Income from variable-income securities	(26)	2	126
Commissions (income)	(27)	24,692	24,474
Commissions (charges)	(27)	(3,170)	(995)
Gains or losses/Trading portfolio transactions	(28)	131	(1)
Gains or losses/Transactions in investment portfolios and similar	(29)	66	2,247
Other banking operating income	(30)	3,712	3,868
Other banking operating expenses	(30)	(2,398)	(2,894)
Net banking income	**-**	**30,920**	**35,355**
General operating expenses	(31)	(41,846)	(32,473)
Depreciation and amortisation of intangible and tangible fixed assets	(32)	(3,435)	(2,594)
Gross operating income	**-**	**(14,361)**	**288**
Cost of risk	(33)	(9,341)	(8,079)
Operating income	**-**	**(23,702)**	**(7,791)**
Share in the net profit of equity-accounted companies	-	-	-
Gains or losses on fixed assets	(34)	52,552	1,631
Income before tax	**-**	**28,850**	**(6,160)**
Exceptional income	(35)	212	64
Tax on earnings	(36)	(8,454)	1,354
Allocation to goodwill amortisation	(37)	112	500
FGBR allocations/carried forward	-	(12,000)	-
Minority interests	(21)	10	4
Consolidated net profit - Group share	**-**	**8,730**	**(4,238)**
Consolidated net profit per share (euros)	*(38)*	*3.13*	*(1.52)*
Diluted consolidated net profit per share (euros)	*(38)*	*3.13*	*(1.52)*

4. APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2019 FINANCIAL YEAR

1. General information

NOTE 1. GENERAL INFORMATION

Created in 1924 by Mr Maurice Delubac, Banque Delubac & Cie is a limited partnership (SCS) domiciled in France with a capital of €11,695,776 (see Note 23 on "Subscribed capital").

Its registered office is located at 16, place Saléon Terras – 07160 Le Cheylard (Ardèche) - France. It has secondary establishments in Paris, Lyon, Toulouse and Valence.

The twelve-month financial year begins on 1 January and ends on 31 December.

In this document, the term "Company" refers to Banque Delubac & Cie SCS, the terms "Group" or "Delubac & Cie group" refer to Banque Delubac & Cie and its consolidated subsidiaries (see Note 3 on "Scope of consolidation").

The Delubac & Cie group main activities are as follows:

- Restructuring Banking (Banque Delubac & Cie)
- Property Administrators Banking (Banque Delubac & Cie)
- Retail Banking known as "In Bonis" (Banque Delubac & Cie)
- Savings Management Banking (Banque Delubac & Cie, Delubac Asset Management);
- Corporate Banking (Banque Delubac & Cie);
- Real estate activity (Delubac Immobilier, Compagnie Foncière du Confluent, Foncière Francilienne de Locaux d'Entreprises)

Restructuring Banking

Banque Delubac & Cie has engaged in the field of short-term financing of companies in difficulty under the terms of a procedure whether it is contractual or collective. The branch of activity applies a national development policy, in particular through provincial agencies (Lyon and Toulouse).

The Restructuring Banking operates within a specific legal perimeter to cover all periods of difficulty for the company:

- Conciliation
- Safeguard
- Bankruptcy filing preparation
- Court-ordered administration, general or simplified regime
- Business continuation plan
- Legal liquidation with continuation of activity
- Temporary administration

The intervention of Banque Delubac & Cie on the market of companies in difficulty is carried out using short-term financing, mainly the lines of mobilisation of receivables, assignment of unpaid "Dailly Act" professional receivables, discounting commercial bill and factoring, offering its clients the means to finance their working capital needs.

Property Administrators Banking

The objective of this branch of activity is to offer the widest range of services and is best suited to the needs of property administrators and co-ownership trustees. Developers, property traders and real estate agents are outside the scope of intervention of Banque Delubac & Cie.

Operating mainly in Paris and the Paris region, Banque Delubac & Cie offers tailor-made services by offering its clients:

- Management of corporate bank accounts;
- Management of clients' bank accounts and financial flows, the latter being divided between the collection of rents and co-ownership charges, payments from suppliers and payment of rents to owners;
- Advice due to a very good knowledge of this sector of activity;
- Support in commercial and/or operational development by setting up appropriate financing: acquisition of tangible fixed assets (IT equipment, etc.) and intangible fixed assets (business assets, etc.).

Retail Banking known as "In Bonis"

This department carries out the traditional activity of retail banking, short and medium term financing and offers services to individuals and businesses, who are not property administrators and are called "in bonis" as opposed to the client companies of the Restructuring Banking.

Savings Management Banking

This activity is divided into two:

- The savings management activity within Banque Delubac & Cie, which covers life insurance and the capture of assets through a network of brokers and agents as well as private individuals holding securities portfolios;
- The portfolio management under mandate and UCITS activity in Delubac Asset Management, a management company subsidiary of Banque Delubac & Cie.

Corporate Banking

Banque Delubac & Cie has created a business around the concept of "Corporate Finance".

The Business Bank team detects, proposes, organises and directs equity and financial engineering transactions, such as mergers and acquisitions of unlisted companies, mergers of listed companies, introductions on the stock market on all markets, capital restructuring and financial rounds, market calls for the benefit of listed companies, public offers, equity certificates, as well as debt transactions (advice in debt restructuring, financing working capital requirement).

Real estate activity

The two subsidiaries Compagnie Foncière du Confluent and Astorg Immobilier are in charge of managing the property assets of the Delubac & Cie group.

The subsidiary Foncière Francilienne de Locaux d'Entreprises operates a simple office rental activity in Ile de France financed by finance leases.

Delubac & Cie group's consolidated financial statements

The Delubac & Cie group's consolidated financial statements for the 2019 financial year, approved by the Consolidated Financial Statements Committee meeting on 16 March 2020, include:

- the consolidated balance sheet on the financial position at 31 December 2019, before appropriation of earnings;
- the consolidated income on the financial performance of the 2019 financial year for a period of twelve months;
- the table of consolidated off-balance sheet commitments at 31 December 2019;
- as well as the present notes supplementing and commenting on the information given by the consolidated balance sheet, the table of consolidated off-balance sheet commitments and the consolidated profit and loss account.

By way of comparison, the balance sheet items, the profit and loss account items and the information given in the notes to the financial statements include the elements of the previous financial year.

Unless otherwise duly mentioned, the consolidated financial statements are presented in thousands of euros.

It is specified that the provisions of regulation no. 99-07 of the Accounting Regulation Committee, relating to the consolidation rules for companies under the CRBF, do not foresee any obligation concerning the presentation of a consolidated cash flow variation table.

Management - General partners

On the date of the closing of the consolidated financial statements for the 2017 financial year, the General Partners, jointly and severally liable for corporate debts on their own property, are as follows:

Mr Serge Bialkiewicz	Statutory manager - Senior Manager
Mr Jean-Michel Samuel-Delubac	Statutory manager
Mr Joël-Alexis Bialkiewicz	Statutory manager
Caisse de Compensation Locative	Statutory manager represented by Mr Serge Bialkiewicz
Société Privée de Participations Patrimoniale	Statutory general partner represented by Mr Joël-Alexis Bialkiewicz
Mrs Madeleine Samuel	Statutory general partner
Mrs Jennifer Docquet	Statutory general partner

Statutory auditors

The Statutory Auditors were appointed by the General Meeting on 30 April 2015. Their mandates will end at the end of the General Meeting called to approve the accounts for the year ended 31 December 2020.

PRIMARY STATUTORY AUDITORS

Hoche Audit	represented by Mrs Laurence Zermati
William Nahum Associé et Partenaires	represented by Mr William Nahum

ALTERNATE STATUTORY AUDITORS

Auditoring International	represented by Mr Nicolas Metge
Mr Jean-Pierre Bard	

Hoche Audit is also the primary statutory auditor of Delubac Asset Management and Haussmann Recouvrement, which are subsidiaries of Banque Delubac & Cie.

NOTE 2. EVENTS AND HIGHLIGHTS OF THE FINANCIAL YEAR

French Prudential Control and Resolution Authority (ACPR)

On 24 July 2019, the General Secretariat of the French Prudential Control and Resolution Authority (ACPR) sent the Managing Partners of Banque Delubac & Cie a follow-up letter setting out all the injunctions issued by the general inspectorate, following inspections carried out in the 2018 financial year and relating to the credit process. This letter was the subject of a report to the institution's supervisory body.

It should be noted that the follow-up letter is the most favourable process for the Bank, no penalty having been requested.

The injunctions relate to improvements to the credit process, the management of disputes and the monitoring of provisions for additional depreciation, requested by the ACPR's general inspectorate.

All the requested provisions were recorded during the year. The Bank's response was sent during the last quarter of 2019.

Regarding operations with Iran, the follow-up letter acknowledges our very specialised process for monitoring sanctions and finds no breaches. It does not call for a specific response.

Sale of the bond portfolio

In 2019, in order to meet the capital requirements set by the ACPR, Banque Delubac & Cie was forced to carry out an exceptional sale of its bond assets, generating a substantial unrealised gain of 50,449,000 euros. Such a transaction is part of the exceptions to the rule prohibiting reinvestment in investment securities for two years, that is, until 31 December 2021. A consultation on the possibility of not having to apply this rule is currently under way.

FGBR (Fund for General Banking Risk) allocation

In accordance with Article 3 of the Banking and Financial Regulatory Committee (CRBF) regulation no. 90-02 (see Note 4.21), it was decided to allocate 12 million euros to the fund for general banking risks.

Sale of MCA Finance

On 29 March 2019, the 38.12% stake held in MCA Finance was sold for the sum of 3,869,000 euros. The capital gain resulting from this sale amounted to 2,103,000 euros.

Exercise of finance lease options

The FFLE subsidiary exercised three finance leases during the 2019 financial year for an amount of one euro for each contract.

NOTE 3. SCOPE OF CONSOLIDATION

For each of the periods presented, the scope of consolidation is as follows:

Entities	Control % 31-12-2019	Control % 31-12-2018	Activity
Banque Delubac & Cie SCS	Parent	Parent	Banking
Cie Foncière du Confluent SCS	99.27	99.27	Real estate
Astorg Immobilier EURL	100.00	100.00	Real estate
Delubac Asset Management SAS	100.00	100.00	Portfolio management
Foncière Francilienne de Locaux d'Entreprises SCI	45.00	45.00	Office rental
Haussmann Recouvrement SASU	100.00	100.00	Debt collection

For each of the entities in the scope, the % of interest is identical to the % of control.

The entities over which the Group exercises a % of control greater than 50% are consolidated using the proportionate consolidation method.

The entities over which the Group exercises joint control are consolidated using the proportionate consolidation method.

For a percentage of control between 20 and 50%, the Group has a presumption of significant influence over the entities. These entities are therefore likely to be consolidated using the equity method, except for optional or compulsory exceptions provided for by CRC regulation no. 99-07 in paragraphs 1000 and 101 respectively.

The following companies are not consolidated in the consolidated financial statements for 2019 and 2018 financial years:

- 45.6%-owned Delubac Schor Bialkiewicz not being significant having regard to the consolidated set of Banque Delubac & Cie (optional exception provided for in Article 1000 of regulation no. 99-07 of the Accounting Regulation Committee);
- 16.67%-owned ANSERIS, at the end of 2019, the Group not having a significant influence on the company;
- 15%-owned FST Holding and 24%-owned FST SAS, as the Group does not have a blocking minority at the Meetings of these companies and is not represented on the management bodies.

NOTE 4. ACCOUNTING PRINCIPLES AND METHODS APPLICABLE WITHIN THE GROUP

4.1 VALUATION RULES FOR CONSOLIDATED FINANCIAL STATEMENTS

The 2019 consolidated financial statements as well as the comparative data for the 2018 financial year presented in this document were established in accordance with the provisions of regulation no. 99-07 of the Accounting Regulation Committee (CRC) relating to the rules of consolidation of companies under the Banking and Financial Regulation Committee (CRBF).

4.2 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise mentioned, the consolidated financial statements are presented in thousands of euros.

4.3 ACCOUNTING CHANGES

4.3.1 ERROR CORRECTIONS

Error corrections are the result of errors, material omissions, or misinterpretations in previous financial years. As such, no corrections were made in the financial statements for the years 2019 and 2018.

4.3.2 CHANGES IN ESTIMATES AND APPLICATION METHODS

An estimate is revised if the circumstances on which it was based are changed due to new information or better experience. The effects of changes in estimates are recorded prospectively and do not affect consolidated equity.

As a change was made to the estimate and application methods in the Banque Delubac & Cie's 2019 corporate financial statements for intangible assets. IT developments are now recorded in expenses for the year.

In addition, the amortisation period of certain intangible assets has been reduced from 10 to 8 years.

No changes were made to the estimate or the application methods in the 2018 corporate financial statements.

4.3.3 CHANGES IN THE PRESENTATION OF THE CONSOLIDATED BALANCE SHEET ITEMS AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT ITEMS

In order to improve the presentation of the financial situation and the consolidated financial performance of Banque Delubac & Cie, reclassifications can be made within the balance sheet items and consolidated profit and loss account items.

In 2019, the following reclassifications were made to the consolidated profit and loss account:

- The fees of advisers engaged within the framework of the recovery of debts and not recovered from the debtors are no longer entered in the "Cost of risk" section (see Note 33). The same applies to credit insurance taken out by Banque Delubac & Cie. All of these charges are presented in "General operating expenses";
- The costs relating to bank card operations have been reclassified from "General operating expenses" to the "Commissions - Expenses" section.

No reclassification was made in the 2018 consolidated financial statements.

4.3.4 CHANGE IN ACCOUNTING METHOD

No change in accounting method was made in the consolidated financial statements for the 2019 and 2018 financial years.

4.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

To prepare its consolidated financial statements, the Group's Management must make estimates and make assumptions that affect the book value of assets and liabilities, income and expenses, as well as the information given in notes.

The Group's Management makes these estimates and assessments continuously on the basis of its past experience as well as various factors deemed reasonable which form the basis of these assessments. The amounts that will appear in future consolidated financial statements may differ from these estimates depending on the evolution of these assumptions or different conditions.

The main significant estimates made by the Group's management relate in particular to the valuation of intangible, tangible and financial assets, goodwill and their amortisation, depreciation and provisions, commitments to staff as well as taxes deferred in respect of carrying forward tax loss.

4.5 APPLICATION OF NEW ACCOUNTING REGULATIONS

No new accounting regulations were applied for the 2019 financial year.

4.6 BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The main accounting methods applied when preparing the consolidated financial statements are set out below. These methods were applied permanently to the two presented financial years.

4.7 GENERAL PRINCIPLES OF CONSOLIDATION

(I) SCOPE OF CONSOLIDATION

The Group is made up of the Company, the consolidating company, companies controlled in full and proportionally or under significant influence.

Companies under exclusive control

Exclusive control is the power to govern the financial and operating policies of a company in order to benefit from its activities. It results from:

- either the direct or indirect holding of the majority of the voting rights in another company;
- or the appointment of the majority of the members of the administrative, management or supervisory bodies of another company; the consolidating company is presumed to have made this designation when it has a fraction greater than 40% of the voting rights and that no other partner or shareholder holds, directly or indirectly, a fraction greater than its own;
- or the right to exercise a dominant influence over a company by virtue of a contract or statutory clauses, when the applicable law allows it; the dominant influence exists when, under the conditions described above, the consolidating company has the possibility of using or directing the use of assets, liabilities or off-balance sheet items in the same way as ‘it controls the same type of elements in its own entity. In the absence of such contracts or statutory clauses, it is also presumed that a consolidating company exercises a dominant influence over a credit institution or another company as soon as it holds at least 20% of the voting rights and that there are no other shareholders or group of shareholders holding a percentage of voting rights greater than its own.

Companies under joint control

Joint control is the sharing of control of a company operated jointly by a limited number of partners or shareholders, so that the financial and operational policies result from their agreement.

Two elements are essential to the existence of joint control:

- a limited number of partners or shareholders sharing control; the sharing of control supposes that no partner or shareholder alone is capable of exercising exclusive control by imposing their decisions on others; the existence of joint control does not exclude the presence of partners or minority shareholders who do not participate in joint control;
- a contractual agreement which:

  - provides for the exercise of joint control over the economic activity of the jointly operated company,

  - establish the decisions that are essential to the achievement of the objectives of the jointly operated company and that require the consent of all the partners or shareholders participating in joint control.

Companies under significant influence

Significant influence is the power to participate in the financial and operational policies of a company without having control over it. Significant influence can notably result from representation in management or supervisory bodies, participation in strategic decisions, the existence of significant inter-company transactions, the exchange of management personnel, links of technical dependence.

Significant influence on the financial and operational policies of a company is presumed when the consolidating company has, directly or indirectly, a fraction at least equal to 20% of the voting rights of that company.

Determination of control and significant influence

Direct and indirect ownership

Exclusive control and significant influence are understood, in all cases, to be direct or indirect. Therefore for the assessment of the voting rights, which a company has at meetings of another company, all of the voting rights attached to the shares or units held by the consolidating company and by all the companies that it controls exclusively, must be taken into account.

Calculation of the fraction of voting rights held

For the calculation of the fraction of the voting rights held, account must be taken of shares with double voting rights, certificates of voting rights created when issuing investment certificates and, where applicable, securities subject to commitments or repurchasing on behalf of the consolidating company.

The term "repurchasing" covers a set of transactions by which a company is obliged to buy securities from a holder at the end of a period and at a price determined in advance, this holder having the obligation to sell them to the company.

These securities are considered to be held on behalf of the consolidating company, if the specifications of the firm commitment or repurchasing contract make it holder of the essential prerogatives attached to these securities. To determine the nature and extent of control or significant influence, the holder of the rights relating to the control of the securities subject to the repurchasing also takes into account the other securities of the company which they also hold.

Special-purpose entities

A special-purpose entity is a separate legal structure, created specifically to manage a transaction or a group of similar transactions on behalf of a company. The special-purpose entity is structured or organised in such a way that its activity is in fact only carried out on behalf of this company, by providing assets or providing goods, services or capital.

A special-purpose entity is included in the scope of consolidation when one or more controlled companies have, in substance, control of the entity, in particular under contracts, agreements or statutory clauses.

In order to determine the existence of this control, it is necessary to assess the overall economy of the transaction in which the special-purpose entity participates and to analyse the characteristics of the relationship between the latter and the consolidating entity.

A distinction should be made between the situation in which the decision-making power over day-to-day activities corresponds to a fiduciary relationship with management on behalf of third parties and in the interest of the different parties, none of them controlling the entity exclusively, and the situation in which this power is only exercised in the sole interest of the consolidating company.

With this in mind, the following criteria are taken into account:

- the company actually has decision-making powers, possibly accompanied by management powers over the day-to-day activities of the special-purpose entity or over the assets which compose it, even if these powers are not actually exercised. For example, it has the capacity to dissolve the entity, to change its articles of association, or on the contrary to formally oppose their amendment;
- the company has, in fact, the ability to benefit from the majority of the economic advantages of the entity, whether in the form of cash flow or the right to a share of net assets, the right to dispose of one or more assets, the right to the majority of the residual assets in the event of liquidation;
- the company bears the majority of the risks relating to the entity; this is the case if external investors benefit from a guarantee from the entity or company, allowing them to significantly limit their risk-taking.

Special case of Undertakings for Collective Investment in Transferable Securities (UCITS)

With regard to the consolidation of controlled UCITS, the Group applies the accounting provisions described in the press release from the National Accounting Council of 8 February 2005.

A controlled UCITS must be consolidated if one or more of the following conditions are not met:

- the UCITS does not carry out direct or indirect transactions on the financial instruments issued by the investor;
- the UCITS only makes financial investments that are not of a strategic nature for the investor;
- the investor takes no advantage and bears no risk, directly or indirectly, other than those normally associated with investments in the UCITS and in proportion to their participation (e.g. carrying out transactions outside market conditions);
- the UCITS does not carry any debt or passive commitments other than those resulting from its current transactions.

When, as an exception, with regard to the conditions listed above, certain UCITS are not consolidated, the Group presents in the notes to the consolidated financial statements any additional information (net asset value, amount of net assets, in particular).

Exclusion from the scope of consolidation

A company controlled or under significant influence is excluded from the scope of consolidation when:

- upon their acquisition, the securities of this company are held solely for the purpose of a subsequent sale, in particular because:

  - of repurchasing operations when the consolidating company or one of the Group companies plays the role of carrier;

  - or of a financial assistance, rehabilitation or rescue operation.

However, if the plan for a subsequent sale relates only to a fraction of the securities, control or significant influence is defined by reference to the fraction intended to be permanently owned;

- severe and lasting restrictions substantially call into question:

  - control or influence over that company;

  - the possibilities for transferring funds between this company and the other companies included in the scope of consolidation.

A subsidiary or a shareholding may be left out of consolidation when the information necessary for the preparation of the consolidated financial statements cannot be obtained without excessive costs or within periods compatible with those fixed for the provision of financial information annual documents to the Statutory Auditors.

A company considered non-significant to the consolidated entity as a whole may be excluded from the scope of consolidation when it represents, alone or with others, only a negligible interest compared to the objective of a true and fair view that the consolidated financial statements must provide.

When a company is excluded from the scope of consolidation, its securities are recognised in “Equity securities” in the consolidated financial statements.

Entry and exit dates in the scope of consolidation

Entry into the scope of consolidation is effective:

- either on the acquisition date of the securities by the consolidating company;
- or on the date on which control or significant influence is acquired, if the acquisition has taken place in several stages;
- or on the date provided for in the contract if this provides for the transfer of control to a date different from that of the transfer of securities.

A company leaves the scope of consolidation on the date of loss of control or significant influence.

(II) CONSOLIDATION PROCEDURES AND METHODS

The accounts of the consolidated entities are all closed on the same date, i.e. 31 December of each financial year. Accounting methods are applied uniformly in the accounts of Group entities included in the consolidated financial statements.

The consolidation methods are as follows:

- full integration, for companies under exclusive control including companies with different account structures whose activity is an extension of that of the consolidating company;
- proportional integration, for companies under joint control, including companies with different account structures whose activity is an extension of that of the consolidating company;
- the equity method, for companies under significant influence and those under exclusive or joint control having a different account structure and whose activity is not an extension of that of the consolidating company.

Full integration consists of:

- integrating into the accounts of the consolidating company the elements of the accounts of the consolidated companies, after possible restatements;
- distributing the equity and the income between the interests of the consolidating company and the interests of the other shareholders or associates, the “Minority interests”;
- eliminating transactions and accounts between the fully integrated company and the other consolidated companies under the conditions set out below.

Proportional integration consists of:

- integrating into the accounts of the consolidating company the fraction representative of its interests in the accounts of the consolidated company, after any restatements; no minority interest is therefore recognised;
- eliminating transactions and accounts between the proportionally integrated company and the other consolidated companies under the conditions set out below.

The equity method consists of:

- replacing the book value of the securities held with the share of equity, including the income of the financial year determined according to the consolidation rules;
- eliminating transactions and accounts between the equity-accounted and the other consolidated companies.

Elimination of transactions between fully consolidated companies

(I) TRANSACTIONS THAT DO NOT AFFECT THE CONSOLIDATED INCOME

Receivables, debts and reciprocal commitments as well as income and expenses are eliminated in their entirety.

Also eliminated are reciprocal off-balance sheet commitments of consolidated companies as well as off-balance sheet commitments that duplicate the corresponding receivables or debts appearing on the balance sheets of other consolidated companies.

(II) TRANSACTIONS AFFECTING THE CONSOLIDATED INCOME (INTERNAL PROFIT)

The elimination of profits and losses as well as capital gains and losses is practiced at 100% and then distributed between the interests of the consolidating company and the minority interests of the company having achieved the profit.

However, in the event of elimination of losses, the Group ensures that the value of the asset sold does not exceed the current value of this item. Therefore:

- the loss of internal disposal is eliminated even when it represents a real loss of value;
- the actual loss of value, determined according to the general rules for asset depreciation, gives rise to the recognition of a depreciation which can be reversed if the asset continues to be used, or exceptional amortisation if the asset ceases to be used.

The elimination of the impact of internal transactions involving assets has the effect of reducing them to their entry value in the consolidated balance sheet.

Tax on earnings is adjusted for the impact of the elimination of internal profits.

Intra-group dividends are also eliminated in full, including dividends which relate to results prior to the first consolidation.

All depreciation expenses on equity securities made by the company holding the securities and, where applicable, provisions made as a result of losses suffered by the companies under exclusive control are also eliminated.

Elimination of transactions between fully-consolidated companies and proportionally-consolidated companies

(I) TRANSACTIONS THAT DO NOT AFFECT THE CONSOLIDATED INCOME

Receivables, debts and reciprocal commitments as well as reciprocal income and expenses are eliminated within the limit of the percentage of integration of the jointly controlled company. The difference between the amount eliminated and the amount of these debts and receivables is assimilated to a debt or a receivable from companies outside the group.

(II) TRANSACTIONS AFFECTING THE CONSOLIDATED INCOME (INTERNAL PROFIT)

In the event of a sale by a fully-integrated company to a proportionately-integrated company, elimination is limited to the percentage of integration of the jointly-controlled company. The same is true in the event of a sale by a proportionally-integrated company to a fully-integrated company.

Allocations to depreciation accounts for equity securities made by the securities holding company, due to losses suffered by the proportionately consolidated companies, are fully eliminated.

Elimination of transactions between fully-consolidated companies and equity-accounted companies

The internal profit is completely eliminated according to the same principles as those described above.

The results of transactions (profits and losses, capital gains or losses, dividends) between this company and fully consolidated companies are eliminated to the extent of the

Group's percentage interest in the capital of the equity-accounted company.

Depreciation expense of equity securities made by the company holding the securities and, where applicable, provisions made due to losses suffered by equity-accounted companies are fully eliminated.

(III) EVALUATION METHODS

The objective of the consolidated financial statements is to give a uniform representation of the group formed by the companies included in the scope of consolidation. The specific characteristics of consolidation are taken into account:

- redominance of the substance over appearance;
- attachment of expenses to the revenues;
- elimination of the incidence of past entries for the sole application of tax legislation (in particular, the reserves and the consolidated income include provisions for special depreciation for their amounts net of corporate tax).

The consolidated financial statements are prepared according to the methods defined by the Group. These methods are homogeneous for all the companies included in the scope of consolidation and comply with:

- the general accounting principles applicable in France to credit institutions;
- as well as the valuation methods that apply to the consolidated financial statements by derogation from the methods applicable to the annual accounts of credit institutions.

The Delubac & Cie group applies a method considered to be preferential, with regard to the accounting of retirement benefits and similar benefits such as retirement indemnities. These indemnities paid on the date of retirement are provisioned and taken into account in the consolidated income over the working life of the employees. The corridor method is applied for actuarial differences not recognised at the end of each financial year.

Regarding finance leases, the Group also applies a method considered preferential. These operations are recorded in the consolidated balance sheet in the form of a tangible fixed asset and a corresponding loan and in the consolidated income statement in the form of a depreciation charge and a financial charge. In addition, capital gains on sale-leaseback transactions are spread over the duration of the contract, when the property is leased back, directly or by an intermediary, as part of a finance lease transaction.

4.8 FOREIGN CURRENCIES

Transactions in foreign currencies are recorded using the exchange rate in effect on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are converted into euros on the closing date using the exchange rate on this date. Translation differences are entered in the balance sheet assets when the difference corresponds to an unrealised loss and in the balance sheet liabilities when the difference corresponds to an unrealised gain.

Exchange differences that have become final are taken into account for expenses and income. Unrealised losses lead to the creation of a provision for risks.

The Group neither controls nor exercises significant influence over a foreign entity whose functional currency is not the euro.

4.9 CLAIMS ON CREDIT INSTITUTIONS AND CLIENTS

Receivables from credit institutions and clients appear on the balance sheet at their nominal value. They are broken down according to their initial duration or the nature of the claims:

- demand claims (ordinary accounts and day-to-day transactions) and term claims for credit institutions;
- trade receivables, ordinary accounts and other assistance to clients.

Interest accrued on receivables is posted to related receivables against the profit and loss account.

4.10 DEPRECIATION FOR PROVEN CREDIT RISK

The criteria for assessing the proven nature of a credit risk on individual outstanding amounts are similar to those used by French accounting regulations to consider outstanding amounts as doubtful.

Pursuant to CRC regulation no. 2002-03, when a commitment carries a proven credit risk, making it likely that Bank Delubac & Cie will not collect all or part of the sums due in respect of commitments entered into by the counterparty, in accordance with the initial contractual provisions, and notwithstanding the existence of guarantees, the related outstanding amount is classified as a doubtful outstanding amount.

The downgrading of doubtful loans is carried out if there is one or more unpaid amount for at least three months (six months for property loans) or if, regardless of the existence of any unpaid amount, it can be concluded that there is a proven risk, or if there are litigation procedures.

Unauthorised overdrafts are qualified as doubtful outstandings at the latest after a period of three months of continuous exceeding of the limits brought to the attention of private clients and of the limits resulting from legal or factual agreements with the other categories of clients.

For a given debtor, the classification of an outstanding amount in doubtful debts involves, by “contagion”, an identical classification of all the outstanding amounts and commitments on this debtor, despite the existence of guarantees.

Doubtful and non-performing outstanding amounts give rise to the constitution of depreciation for doubtful and non-performing debts up to the value of probable losses, entered directly in reduction of assets. Depreciation charges and reversals, losses on irrecoverable debts and recoveries on amortised debts are presented in “Cost of risk”.

Doubtful debts can be reclassified as healthy outstanding amounts when the proven credit risk is definitively removed and when payments have resumed on a regular basis for the amounts corresponding to the original contractual maturities. Likewise, doubtful debts that have been restructured can be reclassified as healthy outstanding amounts. When the creditworthiness of a debtor is such that after a reasonable period of classification in doubtful outstanding, the reclassification of a debt as healthy outstanding is no longer predictable, this debt is specifically identified as non-performing outstanding amount.

This identification occurs at the end of the term or at the termination of the contract, and, in any event, one year after the classification as a doubtful outstanding amount, with the exception of doubtful outstanding for which the contractual clauses are respected and those associated guarantees allowing their recovery.

Restructured claims for which the debtor has not met the deadlines set are also considered non-performing outstandings.

4.11 SECURITIES PORTFOLIO

Securities are classified according to their nature (bonds and other fixed-income securities, equities and other variable-income securities) and their destination portfolio (trading, market, investment, equity securities).

For each portfolio category, the classification and valuation rules applied are in accordance with the provisions of CRC’s amended regulation no. 90-01 on the accounting for securities transactions, modified by CRC regulation no. 2008-17, and are the following.

Trading securities

Transactions in liquid markets carried out from the outset with the aim of reselling them or marketing them with clients, in the short term are considered trading securities. At the end of the financial year, the securities are valued on the basis of their market value. The overall balance of differences resulting from price variations is taken to the profit and loss account.

Marketable securities

These are securities which are not registered either among trading securities, investment securities, equity and subsidiary securities, other long-term securities and securities of the portfolio activity.

Marketable securities are recorded at their acquisition cost, excluding fees. Accrued interest on purchase is recorded, if necessary, in attached financial statements.

The difference between the value on the date of acquisition and the redemption value of these securities is spread prorata temporis over the period remaining until the redemption date. The spreading of this difference is achieved using the linear method for simplification purposes.

At the end of the financial year, the value of the securities is estimated on the basis of the most recent price for listed securities and according to their probable trading value for unlisted securities. Unrealised losses resulting from this valuation give rise to the creation of depreciation. Unrealised gains are not recognised.

Marketable securities may be transferred to the “investment securities” category if:

- an exceptional market situation requires a change in the holding strategy,
- or if the fixed income securities are no longer, after their acquisition, negotiable on an active market and if Banque Delubac & Cie has the intention and the capacity to hold them for the foreseeable future or until their maturity.

Investment securities

Fixed-income securities acquired with the intention of holding them to maturity and financed by permanent allocated resources are considered to be investment securities. The difference between the value on the date of acquisition and the redemption value of these securities is spread prorata temporis over the period remaining until the redemption date. The spreading of this difference is achieved by simplification using the linear method.

In accordance with article 7 of CRC regulation no. 90-01, investment securities are securities that have been acquired or reclassified from the “Trading securities” category or from the “Marketable securities” category.

When the accounts are closed, unrealised losses, determined by comparison between the book value and the market value, are not subject to depreciation. Unrealised gains are not accounted.

Equity and subsidiary securities

Securities of companies in which a fraction of the capital (10% to 50% for equity interests, more than 50% for subsidiaries) is held on a lasting basis are considered to be equity and subsidiary securities.

They are recorded at cost, including acquisition costs

Other long-term securities

Investments made by the Delubac & Cie group with the intention of promoting the development of lasting professional relationships by creating a privileged link with the company issuing the securities, without, however, exercising an influence on its management, are considered other long-term securities.

These securities are recorded on the assets side of the balance sheet at their acquisition cost.

Presentation of shareholdings and other long-term securities

Shares and other variable-income securities which give rights to the capital of a company and create a lasting link with it are presented in the “Shareholdings and other long-term securities” item with the exception of those held entered in the “Shares in affiliated companies” section.

An entity is considered to be linked to another when it is likely to be included by global integration in the same consolidation unit.

Valuation of shareholdings and other long-term securities

At the end of the financial year, the value of the securities is estimated on the basis of their value in use, determined according to several criteria, in particular the method of future cash flows, also known as “ Discounted Cash Flow ”(DCF) is estimated.

This method consists of calculating, by discounting, the net present value of the expected future cash flows from an activity. It is based on putting all the assumptions underlying a valuation into perspective (growth, profitability, investments) over a long period, cash flows being modelled and then projected over the long term.

According to this approach, the enterprise value corresponds to the sum of its forecast available cash flows, discounted at the weighted average cost of the capital employed.

Unrealised losses, equal to the difference between the book value and the enterprise value therefore obtained, are subject to depreciation. Potential capital gains are not accounted.

Treasury shares

Under CRC regulation no. 99-07, treasury shares are the securities issued by the consolidating company held:

- either by itself,
- either by the companies controlled.

The treasury shares held by the consolidating company itself have no impact on the calculation of the percentage of interests in the consolidating company and in the other companies included in the scope of consolidation. On the other hand, the ownership of the shares of the consolidating company by a company controlled but not 100% owned induces a circular or reciprocal ownership (or even cross-ownership) within the Group generating a reduction in the percentage of interests in the consolidating company and in the other consolidated companies.

The classification of these securities depends on the destination given to them in the individual financial statements of the holding company:

- treasury shares classified as fixed assets in the individual financial statements are deducted from consolidated equity and are shown separately in the consolidated equity statement of changes;
- treasury shares which appear as marketable securities in the individual financial statements are maintained in this item in the consolidated financial statements.

However, treasury shares held by the consolidating company itself are only classified as marketable securities if these securities have been quantified and assigned to the regulation of the stock market price or to the allocation of employees (opinion 98- D of the Emergency Committee of the National Accounting Council):

- explicitly,
- and from the start.

As soon as the treasury shares have been charged to consolidated equity, any provision for depreciation of these securities recorded in the individual financial statements of the company holding these securities is cancelled in consolidation:

- either by the income of the financial year if it is funded during this financial year;
- or by the reserves if it was endowed during previous financial years.

Dividends from treasury shares are eliminated by transfer to the consolidated reserves of the company receiving the distribution.

This rule only concerns dividends from treasury shares, the treasury shares held by the consolidating company not entitling them to dividends.

In the event of the sale of treasury shares held by the consolidating company itself or by a controlled company, the corresponding capital gain or loss is also charged to equity if these securities had been so. The same applies to the tax corresponding to the realised capital gain.

In accordance with Article 2 of regulation no. 90-02 of the Banking and Financial Regulation Committee relating to equity, treasury shares are deducted from regulatory equity.

Securities portfolio income

Income from shares, dividends and interim dividends is recorded as soon as it is collected. Income from bonds is recorded prorata temporis in the profit and loss account. Interest accrued on purchases is charged to accruals and prepayment.

Securities sales income

Gains or losses are determined in relation to the gross value of the securities sold, the costs of the sale being charged to the result of the sale. Any depreciation of these securities is then taken to the profit and loss account.

4.12 SHAREHOLDINGS IN EQUITY-ACCOUNTED COMPANIES

The general principle of associating the accounts of a company using the equity method consists in replacing, in the consolidated balance sheet, the carrying amount of the shares of the company accounted for using the equity method, the share of equity (including the result of the financial year) of this company, determined according to the consolidation rules.

The change in equity restated for equity-accounted companies, which may arise from various causes (earnings, distribution of profits, capital transaction, etc.), increases or decreases the value of the securities consolidated using the equity method at the end of the previous financial year.

The consolidated profit and loss account shows on a specific line entitled “Share in the net profit of equity-accounted companies”, the fraction of the net profit of the equity-accounted company, determined according to the consolidation rules.

When the share of the company holding the securities in the negative equity of a company whose securities are accounted for using the equity method exceeds the book value of its interests, the latter is retained for a zero value, the holding company ceasing to recognise loss shares.

However, when the company holding the securities has the obligation or the intention not to disengage financially from its participation, the negative part of the shareholders’ equity is entered in the section of the provisions entered in the liabilities of the consolidated balance sheet.

This provision is adjusted at the end of each financial year based on the share in the results of the equity-accounted company.

In accordance with Article 7 of regulation no. 90-02 of the Banking and Financial Regulation Committee relating to equity, equity-accounted securities are deducted from regulatory equity for their consolidated book value excluding goodwill deducted elsewhere.

4.13 ENTRY OF A COMPANY INTO THE SCOPE OF CONSOLIDATION GOODWILL - IDENTIFIABLE ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS

4.13.1 FULL INTEGRATION AND PROPORTIONAL INTEGRATION

The entry into the scope of consolidation of a company results from its takeover (exclusive or joint) by the Group regardless of the legal terms of the transaction.

In accordance with the principle of relative importance, a company does not fall within the scope of consolidation of the Group as soon as its consolidation, or that of the sub-group of which it is head, is not of, alone or with other companies in a situation of being consolidated, does not have a significant nature in relation to the statements financial statements of all companies included in the scope of consolidation.

When this company becomes significant, the entry values and goodwill are determined as if this first consolidation had actually occurred on the date of the takeover.

Significance is determined by reference in particular to consolidated net banking income. However, the Group may have to consolidate a newly created and controlled company if it considers that it is a strategic investment.

(I) ACQUISITION COST OF SECURITIES

The acquisition cost of securities is equal to the amount of the remuneration remitted to the seller by the buyer (estimate at their trading value of the liquidities, assets or securities issued by a company included in the consolidation), plus all other costs directly attributable to the acquisition (registration fees, securities issue costs, fees paid to consultants and external experts participating in the transaction) net of the corresponding tax savings.

When the payment is deferred or spread, the acquisition cost is discounted if the effects of the discount are significant.

If the acquisition agreement provides for an adjustment of the acquisition price depending on one or more events, the amount of the correction is included in the acquisition cost on the acquisition date if this adjustment is probable and if the amount can be measured reliably. If these future events do not occur, or if it is necessary to revise the estimate, the acquisition cost is adjusted with the corresponding repercussions on goodwill. Goodwill is also corrected when a contingency affecting the amount of the purchase price is resolved after the date of acquisition.

(II) IDENTIFICATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS

Business combinations are accounted for using the acquisition method, except for the application of the special method provided for in Article 215 of CRC regulation no. 2000-08.

During the first consolidation of a company, the Group proceeds, within a period of time (allocation period) not exceeding the end of the financial year following that of the acquisition year, to the valuation on the date of entry into the scope of consolidation of all of its identifiable elements (assets and liabilities acquired). During the first closing following the acquisition, a provisional assessment is made for items whose estimate is sufficiently reliable.

If new information leads, before the end of the first financial year following entry into the scope of consolidation, to a new assessment of the values set when entering the consolidated balance sheet, they are modified. This automatically results in a change in the gross value and accumulated amortisation of goodwill.

The identifiable assets, liabilities and off-balance sheet items of the acquired company, including intangible items, are items which can be valued separately under conditions allowing their value to be monitored. For intangible items, this may be the case in particular for business assets representative of the relationships established with clients through, for example, the distribution network, the various services or products offered.

However, an intangible asset can only be recorded separately in the consolidated balance sheet if its valuation can be made according to objective and relevant criteria, essentially based on future economic benefits that it will generate or on its market value, if there is one.

The following are not considered identifiable assets and liabilities of the acquired company:

- residual goodwill shown on the consolidated balance sheet of the acquired company;
- intangible items of goodwill as long as they do not meet the conditions defined above;
- Funds for General Banking Risks.

(III) ENTRY VALUE OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS

The amount resulting from the valuation of identifiable assets, liabilities and off-balance sheet items constitutes their new gross value, these items being the subject of an individual valuation. This new gross value is used as the basis for subsequent calculations of capital gains or losses in the event of sale, as well as depreciation and amortisation expenses, which will be recorded in the consolidated income. The provisions for risks and charges recorded on the date of first consolidation constitute the basis on which the allocations and subsequent reversals of provisions will be determined.

The difference between the entry value in the consolidated balance sheet and the book value of the same item in the balance sheet of the audited company is called the “valuation difference”.

Valuation methods used

The determination of the entry value of the assets, liabilities and off-balance sheet items identifiable in the consolidated balance sheet depends on the use planned by the Group. The elements are classified into two categories for their assessment:

- assets, liabilities and off-balance sheet items not intended for operations;
- assets, liabilities and off-balance sheet items intended for operations.

Non-operating assets, liabilities and off-balance sheet items intended to be resold or transferred following the takeover of the acquired business or items not required for operation are valued at their market value at the acquisition date or, in the absence of a market, at their probable net realisable value.

Assets, liabilities and off-balance sheet items intended for operating are valued at their value in use for the consolidating company. This corresponds to the price it would have agreed to pay for a coherent set of elements if it had acquired them separately, taking into account the use it intends to make of them.

As soon as the revaluation of the elements reflects a temporary difference between the book value of an asset or a liability, a debt or a deferred tax claim attached to the revaluation difference is recorded.

Minority rights are determined on the basis of the revalued net assets of the acquired company (method of total revaluation of assets and liabilities).

Subsequent monitoring of input values

Beyond the allocation period, the capital gains or losses, as well as the allocations or reversals of provisions recognised in relation to the values allocated during the first consolidation, contribute to the consolidated income, without the goodwill being affected.

The same is true for tax savings made after the deadline because deferred tax assets were not considered identifiable during the transaction.

Revalued values which prove to be unjustified as a result of an error, and not as a result of a change in estimate, during the first consolidation are corrected with the counterpart of a retroactive modification of goodwill.

(IV) ACCOUNTING TREATMENT OF GOODWILL

The difference between the acquiring cost of the securities and the share accruing to the Group in the total valuation of assets and liabilities according to the methods defined above constitutes the goodwill.

Positive goodwill

Positive goodwill is recorded as fixed assets under the heading "Goodwill" and amortised over a period reflecting, as reasonably as possible, the assumptions made and the objectives set during the acquisition.

Significant adverse changes in the items used to determine the amortisation schedule lead to exceptional amortisation or to the modification of the amortisation schedule. If significant favourable changes occur, these lead to a modification of the future amortisation plan to the exclusion of any resumption of amortisation.

Goodwill amortisation is presented on a specific line in the consolidated profit and loss account.

In the absence of clarification from CRC regulation no. 99-07 on the methods for determining the inventory value (recoverable value) of goodwill and therefore of exceptional amortisation, the Group refers to depreciation methods recommended by IAS 36 on asset depreciation.

In accordance with the position of the National Company of Statutory Auditors, the non-identifiable intangible items of the acquired business assets are assimilated to goodwill and amortised accordingly in the consolidated financial statements.

In accordance with Article 7 of regulation no. 90-02 of the Banking and Financial Regulation Committee relating to equity, goodwill entered in the consolidated balance sheet is deducted from regulatory equity.

Negative goodwill (badwill)

The negative goodwill corresponds either to a potential capital gain due to an acquisition carried out under advantageous conditions, or to insufficient profitability of the acquired company.

Except in exceptional cases, the recognition of positive goodwill should not have the consequence of showing a negative goodwill.

The negative surplus is presented on the liabilities side of the balance sheet in the "Provisions" section. It is reported in the consolidated income over a period reflecting the assumptions made and the objectives set during the acquisition. Reversals of goodwill are presented in the consolidated income on the same line as the amortisation expense for positive goodwill.

(V) ACQUISITION OF EXCLUSIVE CONTROL OF A COMPANY IN BATCHES

Full integration of a previously unconsolidated company

The total cost of acquiring the securities (initial acquisition and additional acquisitions giving exclusive control) is determined in accordance with the rules described above.

The assets and liabilities are identified and valued, on the date of takeover, in accordance with the rules described above.

The difference between the total acquisition cost of the securities and the entry value of the identifiable assets and liabilities constitutes the goodwill.

Full integration of a previously consolidated company using the equity method

The total acquiring cost of the securities (initial acquisition and additional acquisitions giving exclusive control) is determined in accordance with the rules described above.

The assets and liabilities are identified and valued, on the date of takeover, in accordance with the rules described above. Any revaluation difference compared to the share of equity previously consolidated by the equity method is entered directly in the consolidated reserves.

4.13.2 EQUITY METHOD

On the date of first consolidation, the equity method consists in substituting for the book value of the securities, the share that they represent in the equity of the consolidated company. This equity is equal to the difference between the identifiable assets and liabilities according to the rules defined for full integration. The resulting difference is goodwill presented in the same manner as goodwill defined in the context of full integration.

4.14 CHANGES IN SHAREHOLDING PERCENTAGES

(I) INCREASE IN THE PERCENTAGE OF OWNERSHIP OF A COMPANY THAT IS ALREADY FULLY INTEGRATED

The additional acquisitions of securities do not call into question the valuations of the identified assets and liabilities, determined on the date of the takeover. The difference generated is allocated entirely to goodwill.

If the acquisition cost is less than the share it represents in the values of the items of the identified assets and liabilities, a negative difference is created. The Group then examines the need to make a provision.

The remaining negative difference is charged to the positive difference made during the first consolidation by full integration and, if a negative balance remains, it is presented as a liability on the balance sheet and is reported in the consolidated income over a period reflecting the assumptions used and the objectives set during the last acquisition.

(II) SALE OF A PERCENTAGE OF OWNERSHIP OF A COMPANY ALREADY FULLY INTEGRATED

Total sale

Exit from the scope of consolidation takes place on the date of the transfer of control to the acquiring company.

The consolidated profit and loss account traces the revenue achieved and the costs borne by the divested business until the date of transfer of control.

The sale result is recognised on the date when the Group transferred control of the previously controlled company. However, a capital loss is recorded as soon as it is probable.

The capital gain or loss of a sale is calculated from the last consolidated value of the company, including the result up to the date of sale, the unamortised residual goodwill and, where applicable, the translation difference entered in equity, Group share.

Partial sale

In the event of a partial sale of shares in a company that remains fully consolidated, all of the elements contributing to the determination of the gain or loss (including a share of goodwill and the translation difference) is taken into account in proportion to the sale carried out to determine the sale result.

In the case of a partial sale of a company that remains consolidated but by the equity method, the result of the sale is taken into account in the same way as that described above. Assets and liabilities cease to be integrated on the date of transfer of control.

In the case of a company which is about to be deconsolidated, the book value of the retained interest, including the goodwill remaining on the date of the transfer of control, is therefore considered to be its entry cost. The book value of the participation is equal to the share of equity that the securities represent.

Capital increase of a company under exclusive control

The case of a decrease in the percentage of interest following an increase in the capital of the company under exclusive control unequally subscribed by its partners, some of which are not part of the Group, is treated as a partial sale and results in the recognition of the capital gain or loss.

The case of an increase in the percentage of interest following an increase in the capital of the company under exclusive control unequally subscribed by its partners, some of which are not part of the Group, is treated as a partial acquisition and results in the recognition of goodwill.

(III) RECLASSIFICATION OF SECURITIES WITHIN THE GROUP

If the transaction involves two fully integrated companies, the resulting capital gain or loss is internal and is fully eliminated, with distribution between the interests of the consolidating company and the minority interests of the company that made a profit. The assets are maintained at the value they already had in the consolidated financial statements.

The processing of changes in interest percentages linked to the total or partial transfer of the securities of a consolidated company between two fully consolidated companies but held with different interest rates does not affect the consolidated income.

The possible change in minority interests resulting from the reclassification finds its counterpart in a change in the consolidated reserves without impact on the result. This treatment also applies to asset reclassifications.

4.15 DEFERRED TAX ASSETS AND LIABILITIES

The valuation of deferred tax assets and liabilities is based on the way in which the Group expects to recover or settle the book value of the assets and liabilities, using the tax rates that have been adopted or almost adopted at the closing date.

Deferred tax assets and liabilities are classified in the consolidated balance sheet respectively under miscellaneous assets and liabilities.

4.16 TANGIBLE AND INTANGIBLE FIXED ASSETS

Intangible fixed assets

(I) ASSETS

Intangible fixed assets which have been acquired by the Group are recorded at their acquisition cost less accumulated depreciation and amortisation.

(II) SUBSEQUENT EXPENSES

Subsequent intangible fixed asset expenses are capitalised only if they increase the future economic benefits associated with the corresponding specific asset and if their costs can be measured reliably. Other expenses are recognised as expenses over the period in which they are incurred.

(III) DEPRECIATION AND AMORTISATION

Amortisation is recognised as an expense on a linear basis over the estimated useful life of intangible fixed assets unless this duration is indefinite. Leasehold rights do not give rise to amortisation.

The estimated useful life of the software is between 1 and 10 years.

Intangible fixed assets are subject to depreciation tests when there are indications of impairment (internal or external). In this case, depreciation is recorded in the profit and loss account. It can be resumed when the conditions which led to its discovery are modified. This depreciation is recorded in the profit and loss account and therefore modifies the amortisation schedule of the depreciated assets prospectively.

In accordance with Article 2 of regulation no. 90-02 of the Banking and Financial Regulation Committee relating to equity capital, intangible assets, with the exception of leasehold rights, are deducted from regulatory capital.

Tangible fixed assets

(I) ASSETS

Tangible fixed assets are valued at their acquisition cost less accumulated depreciation and amortisation.

When components of fixed tangible assets have different useful lives, they are recognised as separate tangible fixed assets.

(II) SUBSEQUENT EXPENSES

In the book value of a tangible fixed asset, the Group records the cost of replacing a component of this tangible fixed asset at the time when this cost is incurred if it is probable that the future economic benefits associated with this asset will go to the Group and if its cost can be reliably assessed. All current maintenance costs are recognised in expenses when incurred.

(III) DEPRECIATION AND AMORTISATION

Land is not depreciated.

As soon as they are in the state of being used according to the terms provided, tangible fixed assets are depreciated over their useful life, mainly on a straight-line basis.

Where applicable, the asset's residual value is deducted from its depreciable base. When one or more components of an asset have a different useful life or provide economic benefits at a different rate from the asset as a whole, these components are depreciated over their own useful life.

The estimated useful lives of tangible fixed assets are as follows:

Buildings :	
- Structural work	80 years
- Façade, waterproofing	40 years
- IGT	30 years
- Fittings	15 years
Technical installations	15 years
Industrial equipment and tools	5 years
Transport equipment	5 years
Office equipment	5 years
Computer hardware	3 years
Office furniture	10 years

The Cheylard IT back-up site and certain car parks in Paris are depreciated over a period of 60 years.

The residual values and the useful life of the assets are subject to an annual review. In the event that it is necessary to modify this data, the amortisation plan is amended prospectively.

Tangible fixed assets are subject to impairment tests when there are indications of impairment (internal or external). In this case, depreciation is recorded in the profit and loss account. It can be resumed when the conditions which led to its discovery are modified.

This depreciation is recorded in the profit and loss account and therefore also affects its future depreciation schedule.

4.17 AMOUNTS OWED TO CREDIT INSTITUTIONS AND CLIENTS

Debts to credit institutions and clients are broken down according to their initial duration or the nature of these debts:

- demand and term debts;
- special scheme savings accounts and other client deposit accounts.

Interest accrued on these debts is posted to related debt accounts with a corresponding entry in the profit and loss account.

4.18 PROVISIONS

Provisions represent liabilities for which the maturity or the amount is not precisely determined. Their constitution is subject to the existence of an obligation of the company towards a third party which is likely or certain to be extinguished by an outflow of resources for the benefit of this third party without at least equivalent consideration expected from it. The estimated amount of the outflow of resources is discounted to determine the amount of the provision, as soon as the effect of this discount is significant. Provisions are made for various disputes and risks in the Delubac & Cie group's accounts.

4.19 EMPLOYEE BENEFITS

Defined contribution plans

Contributions payable under a defined contribution plan are recognised in expenses when incurred.

Defined benefit plans

For defined benefit plans for long-term and post-employment benefits, benefit costs are estimated using the projected unit credit method. Under this method, benefit rights are allocated to periods of service according to the plan's entitlement formula, taking into account a linearisation effect when the rate of right entitlement is not uniform during subsequent periods of service.

The amounts of future payments corresponding to the benefits granted to employees are assessed on the basis of assumptions of salary development, age of voluntary departure, mortality, then reduced to their present value using the interest rate on long term bonds issued by companies with the highest credit ratings.

The retirement age is calculated based on the employee's date of birth and the number of quarters remaining to be acquired, taking into account an average age of starting work of twenty years old.

When the calculation assumptions are revised, this results in actuarial differences which modify the value of the commitments.

The value of future payments corresponding to the benefits granted to employees (see Note 19 on the “Provisions”) are assessed on the assumption of salary development, age of departure, mortality, then reduced to their present value using the interest rate on long term bonds issued by companies with the highest credit ratings.

When the calculation assumptions are revised, this results in actuarial differences.

For the valuation of the defined benefit liability, a fraction of the actuarial differences are recognised in income or expenses if these cumulative differences not recognised at the end of the previous period exceed the greatest of the two values below:

- 10% of the present value of the defined benefit obligation on the closing date (before any deduction from plan assets),
- and 10% of the fair value of plan assets at the balance sheet date.

The fraction of actuarial differences to be recognised is the surplus, determined according to the paragraph above, divided by the expected average remaining working life of the members of the employees benefiting from this plan.

The expense for the financial year is recognised in “Personnel expenses” for the cost of services rendered and the cost of updating the liability.

Long-service award

The applicable collective labour agreement does not provide for any bonuses regarding long-service awards and the Group has not created any practice in this matter. Consequently, no provision has been made in this respect.

4.20 MUTUAL GUARANTEE FUND

This fund operates between clients who benefit from banking assistance from Banque Delubac & Cie and who have contributed to it. Banque Delubac & Cie is the owner of the fund, which it manages, and acknowledges that the co-guarantors owe each other an equal amount of capital, less any sums that may have been used to cover losses. Receivables due and not collected, plus interest and late payment penalties, collection and prosecution costs are considered as losses.

The amount to be returned to each co-guarantor is fixed at the end of the calendar year during which the bank assistance granted to them has ended and provided that they have fulfilled all the commitments made in this respect.

As of 31 December 2018, the mutual guarantee fund had been fully settled.

4.21 FUND FOR GENERAL BANKING RISKS (FGBR)

Definition of FGBR

Under the terms of Article 3 of CRBF regulation no. 90-02, “For institutions subject to the rules other than those subject to IFRS standards, the funds for general banking risks are the amounts that the managers responsible within the meaning of Article L. 511-13 of the Monetary and Financial Code decide to allocate to cover such risks, when reasons of prudence impose it in view of the risks inherent in banking operations”.

In practice, the FGBR cover the following elements in particular:

- General credit risk
- Operational risks
- Home savings risk

FGBR accounting process

The FGBR are allocated and included in the profit and loss account. Allocations and reversals are entered on a specific line and do not contribute to the formation of “net banking income”.

The risks covered by the FGBR are not identified. If this were the case, these risks should be the subject of provisions entered in the liabilities of the balance sheet before equity.

In application of the general principles, since the FGBR cannot be linked to identified risks, the allocations are considered from the tax point of view as charges that are not deductible from the corporate tax base.

In the consolidated financial statements, the FGBR are presented before the minority interests and the sub-total “Equity - Group share (excluding FGBR)”.

4.22 MINORITY INTERESTS

Minority interests appear on the consolidated balance sheet on a specific line. They include in particular:

- their share in the consolidated net assets and income of fully integrated companies,

- their share in the revaluation differences on the assets and liabilities identified on the date of entry of companies fully integrated into the scope of consolidation.

The result records their share in the consolidated net income on a specific line of the profit and loss account before the consolidated net income attributable to the Group.

Debit minority interests are allocated to the Group share, unless the minority shareholders have the commitment and the capacity to cover their share of losses.

With the exception of the subsidiary Compagnie Foncière du Confluent, all of the Group's interest in its subsidiaries is 100%. Consequently, minority interests are only recognised in the consolidated reserves and income of this company.

4.23 INTEREST INCOME AND EXPENSES

Interest income and expenses are recognised prorata temporis in the profit and loss account.

4.24 COMMISSION INCOME AND EXPENSES

The Group records commission income and expenses on services according to the nature of the services to which they relate.

Commissions remunerating continuous services, such as certain commissions on means of payment, custody fees for securities in deposit, or commissions on telematic subscriptions, are spread over the duration of the service rendered. The commissions remunerating one-off services such as the commissions on movements of funds, the commissions of contribution received, the commissions of arbitration or the penalties on incident of payments, are entirely recorded as income in the "Commission income" section when the service is carried out.

In accordance with regulation no. 2009-03 of the Accounting Regulation Committee of 3 December 2009, applicable as of 1 January 2010, the commissions received and the marginal transaction costs when granting or acquiring bank assistance are spread over the effective life of the credit.

Delubac & Cie group has chosen to apply the alternative method of spreading linearly.

4.25 PERSONNEL COSTS

Personnel costs include all personnel-related expenses, including in particular the amount of employee profit-sharing for the financial year. These charges are recorded in the profit and loss account "General operating expenses" section.

4.26 COST OF RISK

The content of the "Cost of risk" section includes the net allowances for reversals of impairments and losses on bad debts not covered by impairments, relating to client transactions. This item also records the net allocations of reversals of provisions for risks and charges.

4.27 TAX ON EARNINGS

The tax on earnings (expense or income) includes the current tax expense or income and the deferred tax expense or income. The tax is recognised in profit or loss unless it relates to items which are recognised directly in equity, in which case it is recognised in equity.

The tax payable is the estimated amount of tax due for taxable profit for a period, determined using the tax rates that have been adopted or almost adopted at the balance sheet date, and any adjustment to the amount of the tax payable for previous periods.

Deferred tax is determined according to the balance sheet approach of the liability method for all temporary differences between the book value of assets and liabilities and their tax bases.

The following items do not give rise to the recognition of deferred taxes:

- initial recognition of goodwill and its subsequent amortisation;
- the recognition of goodwill relating to intangible assets which are generally not amortised and cannot be sold separately from the acquired business;
- the initial recognition of purchases of assets, depreciable for tax purposes on an amount lower than their cost, and whose tax value at the time of their exit will not take into account this amortisation differential, although these purchases are a source of temporary differences;
- non-recoverable taxes relating to distributions from consolidated companies which have not been decided or are not likely.

Deferred tax assets and liabilities are determined on a non-discounted basis. These assets and liabilities are offset if the entities belong to the same tax group and if they have an enforceable right to offset them. All deferred tax liabilities must be taken into account with the exceptions mentioned above.

Deferred tax assets are recognised for all deductible temporary differences and tax loss carryforwards to the extent that their recovery is probable:

- if their recovery does not depend on future results: in this situation, they are retained for the amount of the deferred tax liabilities already recognised which expire in the period during which these assets become or remain recoverable; it is possible in this case to take into account tax options intended to lengthen the period separating the date on which a tax asset becomes recoverable from that on which it is prescribed;
- or if it is probable that the company will be able to recover them thanks to the existence of taxable profit expected during this period.

It is presumed that such a profit will not exist when the company has suffered recent losses during the last two financial years unless it provides convincing evidence to the contrary, for example if these losses result from exceptional circumstances which should not be repeated in the foreseeable future or if exceptional profits are expected. Deferred tax assets are not taken into account.

A reconciliation of the theoretical tax expense with the consolidated tax expense is presented in Note 36.

Tax consolidation

A tax consolidation group has been formed since 2012 with the Company and some of its subsidiaries:

- Compagnie Foncière du Confluent
- Delubac Asset Management
- Astorg Immobilier
- Haussmann Recouvrement

4.28 CONSOLIDATED NET EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the consolidated net profit for the year by the weighted average number of ordinary shares outstanding during the year.

For the calculation of diluted earnings per share, the consolidated net income and the weighted average number of shares outstanding are adjusted by the effects of all potential dilutive ordinary shares. Ordinary shares are treated as dilutive if and only if their conversion into ordinary shares would have the effect of reducing the net profit per share. The dilutive shares are calculated using the “share buyback” method.

4.29 AFFILIATED COMPANIES

In accordance with CRC regulation no. 99-07, the following information relating to transactions with affiliated companies which are not fully consolidated is mentioned in the appendix to the consolidated financial statements:

- nature of relationships,
- elements of information necessary for understanding the balance sheet, off-balance sheet and profit and loss account.

2. Additional information

NOTE 5. INFORMATION PER ACTIVITY

The general principle adopted by the Group is to allocate to receivables and deposits from clients in the various businesses, remuneration at a risk-free placement rate. This rate was set at 0.2% of resources and 1.7% of jobs for the 2019 and 2018 financial years.

Transactions with clients (assets and liabilities) represent the average annual outstandings recorded over the periods presented. For the 2019 and 2018 financial years, the following are included

- guarantees in client transactions (assets),
- outstanding payments and doubtful debts in client transactions (liabilities).

The "Other" section records the elimination of intra-group transactions and all of the management fees and unaffected support functions.

2019 financial year	Net banking income	Operating income	Client transactions (assets)	Client transactions (liabilities)
Legal	14,689	5,686	35,668	(222,522)
Savings management/DAM	2,718	(741)	30,494	(20,617)
Property administrators	1,485	(1,224)	14,401	(324,111)
Retail ("in bonis")	6,405	2 321	38,702	(101,988)
Real estate	2,920	(357)	-	-
Business	577	(63)	-	(22)
Collection	206	(187)	-	-
Other	1,920	(29,137)	-	-
Total	**30,920**	**(23,702)**	**119,265**	**(669,260)**

2018 financial year	Net banking income	Revenue income	Client transactions (assets)	Client transactions (liabilities)
Legal	15,026	6,460	38,299	(183,836)
Savings management/DAM	2,389	(1,038)	26,456	(12,672)
Property administrators	1,463	(83)	14,092	(287,519)
Retail ("in bonis")	5,073	2,893	34,612	(70,687)
Real estate (1)	2,466	(669)	-	-
Business	473	5	-	(493)
Collection	187	(48)	-	-
Other (1)	8,459	(15,311)	-	-
Total	**35,535**	**(7,791)**	**113,459**	**(555,207)**

(1) An allocation error in this section was presented in the 2018 consolidated financial statements.

NOTE 6. WORKFORCE

Only Banque Delubac & Cie, Delubac Asset Management and Haussmann Recouvrement employ salaried staff. The tables below summarise the “Full-time equivalent” headcount for the Banque Delubac & Cie group:

Contracts	31-12-2019	31-12-2018
Le Cheylard	73.1	72.8
Paris	102.8	97.1
Lyon	7.5	5.1
Toulouse	3.3	4.1
Open-ended contracts	*186.7*	*179.1*
Le Cheylard	8.0	14.2
Paris	14.4	12.7
Fixed-term contracts	*22.4*	*26.9*
Temporary workers in peak activity periods	*5.1*	*2.2*
Total “FTE” workforce	**214.2**	**208.2**

Status	31-12-2019	31-12-2018
Le Cheylard	4.0	4.1
Paris	18.0	16.9
Toulouse	1.0	1.0
Management executives	*23.0*	*22.0*
Le Cheylard	21.0	20.0
Paris	50.9	44.1
Lyon	3.5	2.9
Toulouse	1.0	1.0
Executives	*76.4*	*68.0*
Le Cheylard	*56.1*	62.9
Paris	*48.3*	48.8
Lyon	*4.0*	2.2
Toulouse	*1.3*	2.1
Banking technicians	*109.7*	*116.0*
Temporary workers in peak activity periods	*5.1*	*2.2*
Total “FTE” workforce	**214.2**	**208.2**

NOTE 7. REMUNERATION FOR EXECUTIVES

7.1 MANAGING GENERAL PARTNERS

In accordance with Article 17 of the articles of association of Banque Delubac & Cie, the remuneration of Managing General Partners results from the addition of remuneration in respect of their mandate as Statutory Manager on the one hand, and their capacity as General Partner on the other hand.

The statutory managers of the Company are also the Manager of the subsidiary Compagnie Foncière du Confluent and receive remuneration provided for in Article 19 of this company's articles of association.

For the 2019 and 2018 financial years, the remuneration paid was as follows (in thousands of euros):

Managing General Partners	Position	2019 remuneration	2018 remuneration
Serge Bialkiewicz	Senior Managing Partner	217	217
Jean-Michel Samuel-Delubac	Managing Partner	176	176
Joël-Alexis Bialkiewicz	Managing Partner	150	150
Cheylaroise de Participation (1)	Managing Partner	78	78
Caisse de Compensation Locative	Managing Partner	51	51
Remuneration for their mandate as Statutory Manager		*672*	*672*
Serge Bialkiewicz	General Partner	346	346
Jean-Michel Samuel-Delubac	General Partner	263	263
Joël-Alexis Bialkiewicz	General Partner	97	97
Caisse de Compensation Locative	*General Partner*	33	33
Société Privée de Participations Patrimoniale	*General Partner*	33	33
Mrs Madeleine Samuel	*General Partner*	30	30
Mrs Jennifer Docquet Jennifer Docquet	*General Partner*	30	30
Remuneration for their capacity as General Partner		*832*	*832*
Remuneration for their capacity as Managing General Partner(s)		**1,504**	**1,504**

(1) Managing Partner of Compagnie Foncière du Confluent.

In accordance with the statutory provisions, Banque Delubac & Cie and Compagnie Foncière du Confluent pay the social security contributions attached to these remunerations.

In 2019 and 2018, no other remuneration was paid to the Managing General Partners in the form of attendance fees or payment in equity instruments.

7.2 SUPERVISORY BOARD MEMBERS

The remuneration of the members of the Supervisory Board is set each year by decision of the Ordinary General Meeting. For each of the 2019 and 2018 financial years, the remuneration paid was as follows:

Supervisory Board members	Full remuneration
Attendance fees	12
Remuneration of the Supervisory Board members	**12**

3. Notes relating to the consolidated balance sheet

NOTE 8. INTERBANK AND SIMILAR TRANSACTIONS (ASSETS)

	31-12-2019	31-12-2018
Cash register, Central Banks	1,206	101,577
Ordinary accounts/Credit institutions	340,470	26,872
Loan accounts/Credit institutions	139,147	35,782
Related receivables	27	218
Interbank and similar transactions (assets)	**480,850**	**164,449**

NOTE 9. CLIENT TRANSACTIONS (ASSETS)

	31-12-2019	31-12-2018
Discount and similar transactions	4,123	5,802
Dailly Act	19,724	24,747
Trade receivables	**23,847**	**30,549**
Receivables taken out in factoring	**30,088**	**31,549**
Ordinary accounts receivable	**33,700**	**30,727**
Deferred reimbursements related to the use of credit cards	146	181
Cash loans	12,380	10,376
Equipment loans	528	473
Housing loans	16,141	15,644
Other credits	34,358	38,023
Other client assistance	**63,553**	**64,697**
Impairment of doubtful debts	**(18,870)**	**(13,008)**
Transactions with clients (assets)	**132,318**	**144,514**

	31-12-2019	31-12-2018
Trade receivables (1)	19,542	19,788
Ordinary accounts receivable (1)	11,954	14,701
Other client assistance (1)	1,015	3,361
Doubtful debts	**32,511**	**37,850**
Doubtful debt's depreciation rate	**58.04%**	**34.37%**

(1) With regard to the item relating to doubtful debts, all doubtful debts and non-performing debts, whether or not these debts are impaired for proven credit risk, have been grouped in the accounts for the 2019 and 2018 financial years.

Previously, only impaired receivables were presented as doubtful debts. These reclassifications therefore have no impact on the assessment of the level of depreciation of these receivables.

	31-12-2019	31-12-2018
Value at the start of the financial year	(13,008)	(7,492)
Allocations through the profit and loss account	(7,361)	(5,049)
Allocation by the Mutual Guarantee Fund	-	(1,467)
Reversals through the profit and loss account	1,801	279
Uses of depreciation	34	274
Reversal by the Mutual Guarantee Fund	-	487
Allocations charged to net banking income (1)	(336)	(40)
Doubtful debt depreciation	**(18,870)**	**(13,008)**

(1) Refers to interest accrued on doubtful debts recognised in net banking income and cancelled by provisions at the same level in the profit and loss account.

NOTE 10. BONDS, EQUITIES AND OTHER FIXED AND VARIABLE-INCOME SECURITIES

In accordance with Article 1 of regulation no. 90-01 relating to the recognition of securities transactions, the "Bonds and other fixed-income securities" section also includes securities with variable interest rate when the variation stipulated during the issue depends on a parameter determined by reference to the rates charged, on certain dates or during certain periods, on a market such as the interbank market, the bond market or the Euro-market.

	31-12-2019	31-12-2018
Bonds (1)	37,030	355,679
Premiums and discounts on bonds	-	(100)
Depreciation of investment securities	(79)	(79)
Investment securities	**36,951**	**355,500**
Bonds and other fixed-income securities	**36,951**	**355,500**
UCITS (2)	10,533	5,928
Equities	4	4
Depreciation of marketable securities (3)	-	(1,292)
Marketable securities	**10,537**	**4,640**
Equities and other variable-income securities	**10,537**	**4,640**
Bonds, equities and other fixed and variable-income securities	**47,488**	**360,140**

(1) See Note 2 on the sale of the bond portfolio.
(2) At the end of the 2019 and 2018 financial years, the Delubac & Cie group had no control over UCITS with significant net assets.
(3) The shares of the Delubac Pricing Power mutual fund were written down in 2018 to the amount of 1,259,000 euros corresponding to the unrealized losses on this fund at the end of the financial year.

NOTE 11. SHAREHOLDINGS, SHARES IN AFFILIATED COMPANIES AND OTHER LONG-TERM SECURITIES

	31-12-2019	31-12-2018
MCA Finance (1)	-	1,766
FST SAS	799	799
Mars Occidentale (2)	229	229
FST Holding	331	190
FGDR Cash Association Certificate	190	233
GIE UGP	96	96
Delta AM	74	75
Delubac Schor Bialkiewicz	17	17
GIE Actions	16	16
ANSERIS (3)	3	-
SEFI	250	3
Mars Occidentale shareholding depreciation (2)	(229)	(229)
Shareholding and other long-term securities	**1,776**	**3,195**
Shares in affiliated companies (4)	**-**	**-**
Shareholdings, shares in affiliated companies and other long-term securities	**1,776**	**3,195**

(1) MCA Finance was sold on 29 March 2019 (see. Note 2)
(2) Minority stake in this public limited company whose shares are fully depreciated.
(3) Acquisition of a 16.67% stake in the capital of this company in 2019, a group of Wealth Management Consultants (CGP).
(4) All affiliated companies are included in the scope of consolidation. As a result, their securities are eliminated in the consolidated financial statements.

NOTE 12. INTANGIBLE AND TANGIBLE FIXED ASSETS

Immobilisations incorporelles	31-12-2019	31-12-2018
Patents, licenses, software	7,968	13,192
Other intangible fixed assets	38	27
Lease rights, business assets	69	69
Intangible assets under construction	557	1,093
Amortisation of patents, licenses, software	(4,944)	(8,826)
Amortisation of other intangible fixed assets	(1)	-
Amortisation of business assets	(69)	(69)
Gross values at the end of the financial year	**8,632**	**14,381**
Amortisation at the end of the financial year	**(5,014)**	**8,895**
Net values at the end of the financial year	**3,618**	**5,486**

Change in intangible fixed assets	31-12-2019	31-12-2018
Gross values at the start of the financial year	14,381	13,104
Acquisitions (1)	222	1,646
Sales/Disposals (2)	(5,971)	(369)
Gross values at the end of the financial year	**8,632**	**14,381**
Amortisations at the start of the financial year	(8,895)	(8,135)
Net reversal allocations for the financial year	3,881	(760)
Amortisation at the end of the financial year	**(5,014)**	**(8,895)**
Net values at the start of the financial year	5,486	4,969
Net values at the end of the financial year	**3,618**	**5,486**

(1) In 2018, mainly relates to investment expenditure for developments related to “Digital Bank” projects and to improving the internal rating of receivables held by clients.
(2) In 2019, mainly relates to the release of V.Bank developments.

Tangible fixed assets	31-12-2019	31-12-2018
Land	44,490	44,490
Buildings	51,720	51,715
Fittings	7,044	6,811
Other tangible fixed assets	9,541	9,174
Tangible assets under construction	149	99
Depreciation of buildings	(5,881)	(5,108)
Depreciation of fittings	(3,591)	(3,184)
Depreciation of other tangible fixed assets	(6,678)	(5,981)
Gross values at the end of the financial year	**112,944**	**112,289**
Depreciation at the end of the financial year	**(16,150)**	**(14,273)**
Net values at the end of the financial year	**96,794**	**98,016**

Change in tangible fixed assets	31-12-2019	31-12-2018
Gross values at the start of the financial year (1)	112,289	114,561
Acquisitions	693	1,220
Sales/Disposals (2)	(38)	(3,492)
Gross values at the end of the financial year	**112,944**	**112,289**
Depreciation at the start of the financial year	(14,273)	(12,973)
Net reversal allocations for the financial year	(1,877)	(1,300)
Depreciation at the end of the financial year	**(16,150)**	**(14,273)**
Net values at the start of the financial year	98,016	101,588
Net values at the end of the financial year	**96,794**	**98,016**

(1) The loan interest and the commitment commission, relating to the financing of the real estate investments of Compagnie Financière du Confluent, were included in the cost of the fixed assets. In accordance with the general consolidation principles set out in Note 4.7, the internal margins on the income made by Banque Delubac & Cie have been eliminated in return for tangible fixed assets:

	2019	2018
- Interest/Credit	2,648	2,648
- Commissions/Funding commitment	1,154	1,154

(2) During the 2018 financial year, FFLE sold a property (gross value equal to 3,078,000 euros). Old IT equipment was also discarded.

NOTE 13. GOODWILL

	31-12-2019	31-12-2018
Figes business assets (1)	69	69
Résalliance business assets (1)	200	200
Goodwill gross values	**269**	**269**
Figes business assets	(69)	(69)
Résalliance business assets	(200)	(200)
Goodwill amortisation	**(269)**	**(269)**
Goodwill net values	**-**	**-**

(1) In accordance with the position of the Compagnie Nationale des Commissaires aux Comptes (CNCC), these items are assimilated to goodwill and amortised accordingly in the consolidated financial statements.

NOTE 14. UNCALLED SUBSCRIBED CAPITAL

A reserved capital increase was subscribed by Cheylaroise de Participation on 6 May 2010.

- Capital increase 545,000 euros (4 euros per share)
- Issuance premiums 953,000 euros (7 euros per share)

That is an unpaid subscribed capital of 1,498,000 euros (eleven euros per share) at the end of the 2018 financial year. The capital of the 136,160 shares was released on 24 December 2019.

NOTE 15. PREPAYMENTS AND ACCRUED INCOME AND OTHER ASSETS

	31-12-2019	31-12-2018
Deposits and guarantees posted	1,093	1,638
Value added tax	255	313
Corporate tax claim	546	766
Deferred tax assets (1)	2,423	4,612
Tenant - Operating lease	1,228	803
Funds in the process of being set up	138	133
Security deposits/Futures	477	223
Real estate leasing transactions (2)	122	177
Security deposits/FGD contributions	470	443
Subsidiary current accounts (3)	3,309	2,090
Various debtors	1,323	1,734
Other stocks and similar	75	84
Miscellaneous assets	**11,459**	**13,016**
Unavailable accounts/Collection transactions	370	121
Prepayments and accrued income	344	280
Prepaid or recognised expenses	1,814	1,036
Accrued income	1,196	1,053
Values to be rejected - Bills and cheques	2,785	3,860
Income to be received/Doubtful contributors	525	532
Provisions/Income to be received/Doubtful contributors	(404)	(296)
Prepayments and accrued income	**6,630**	**6,586**
Prepayments and accrued income and other assets	**18,089**	**19,602**

Deferred tax assets and liabilities break down as follows:

(1)	31-12-2019	31-12-2018
Restatements of employee benefits	471	464
Temporary shifts	828	28
Tax loss activations (1)	-	2,996
Tax/Capital gain	60	60
Restatements of internal margins/Fixed assets	1,064	1,064
Deferred tax assets	**2,423**	**4,612**

(1) Resumption of tax consolidation income and deferred tax assets from Banque Delubac & Cie. Cie.

	31-12-2019	31-12-2018
Restatements of special amortisation	360	398
Restatements of corporate amortisation	50	57
Finance leases	6,132	6,369
Deferred tax liabilities (see Note 18)	**6,542**	**6,824**

N.B. In 2018, in accordance with the liability method, all deferred tax assets and liabilities were valued on the basis of a corporate tax rate of 28% compared to 33.3% at the end of 2017, in order to take into account the tax cuts decided by the 2018 finance law. The impact on the stock of deferred tax assets at the end of 2018 amounted to (878,000) euros; that on the stock of deferred tax liabilities amounted to (1,300,000) euros.

(2)	31-12-2019	31-12-2018
Fixed assets/Real estate leasing	678	678
Depreciation/Fixed assets/Real estate leasing	(556)	(501)
Doubtful debt of real estate leasing	-	-
Provisions/ Doubtful debt of real estate leasing	-	-
Real estate leasing transactions	**122**	**177**

	31-12-2019	31-12-2018
Provisions at the start of the financial year	-	-
Allocations through the profit and loss account	-	-
Reversals through the profit and loss account	-	-
Provisions/Leasing doubtful debt	**-**	**-**

(3) Consisting exclusively of the share in the results of the FFLE subsidiary. As the company is proportionally integrated into the entire current account, only 45% of its amount is eliminated in the consolidated financial statements.

NOTE 16. INTERBANK AND SIMILAR TRANSACTIONS (LIABILITIES)

	31-12-2019	31-12-2018
Central banks (1)	-	50,000
Demand account	35	745
Term accounts (2)	651	1,164
Related debts	403	353
Interbank and similar transactions (liabilities)	**1,089**	**52,262**

(1) Banque Delubac & Cie participates in the ECB tenders put in place since March 2010. Loans granted to the Bank have been paid at a fixed rate of 0.0% since 16 March 2016. There are no outstandings at the end of 2019.

(2) These elements relate to debt external to Banque Delubac & Cie, for the company FFLE under finance leases taken out.

NOTE 17. CLIENT TRANSACTIONS (LIABILITIES)

	31-12-2019	31-12-2018
Demand accounts	23,658	29,086
Term accounts	2,642	1,867
Special scheme savings accounts	**26,300**	**30,953**
Demand accounts	630,084	621,571
Term accounts	2,150	3,813
Factoring accounts	31,360	25,339
Other debts	**663,594**	**650,723**
Transactions with clients (liabilities)	**689,894**	**681,676**

NOTE 18. ACCRUALS AND DEFERRED INCOME AND OTHER LIABILITIES

	31-12-2019	31-12-2018
Miscellaneous creditors (1)	13,505	5,264
Security deposit / Real estate leasing	563	618
Attachment/Oppositions/third party holder notice	2,560	2,801
Deferred tax liabilities (see Note 15)	6,542	6,824
Miscellaneous liabilities	**23,170**	**15,507**
Unavailable accounts/Collection operations	824	1,020
Prepayments and accrued income	2,168	3,719
Fees to pay	2,914	2,482
Prepaid income	601	1,136
Prepayments and accrued income	**6,507**	**8,357**
Accruals and deferred income and miscellaneous liabilities	**29,677**	**23,864**

(1) Social and tax debts	8,057	3,103
Suppliers and related accounts	5,204	1,163
Other debts	244	998

The change in tax and social security debt is mainly due to income tax for the 2019 financial year (6,454 thousand euros) and employee profit sharing (2,766 thousand euros).

NOTE 19. PROVISIONS

	31-12-2019	31-12-2018
Provisions at the start of the financial year	3,242	2,901
Allocations for the financial year	644	858
Carry forward for the financial year	(189)	(517)
Provisions at the end of the financial year	**3,697**	**3,242**

	31-12-2019	31-12-2018
Badwill/FFLE	398	724
Badwill FFLE carry forward	(309)	(537)
Personnel benefits (1)	1,685	1,659
Other risks and charges (2)	1,923	1,396
Provisions	**3,697**	**3,242**

(1) Personnel benefits	31-12-2019	31-12-2018
Discount rate	0.62%	0.97%
Terms of departure (see below)	60 to 67 years old	60 to 67 years old
Wage growth rate	From 1 to 3%	From 1 to 3%
Payroll tax rate	60%	60%
Staff turnover rate	From 0.5 to 2%	From 0.5 to 2%
Charges for the financial year	28	17
Provisions/Personnel benefits at the end of the financial year	**1,687**	**1,659**

The variations from one financial year to the next are recorded in the “Personnel/General operating expenses” section (see Note 31).

As of 2015, the terms of voluntary departure were determined based on the year of birth and the number of quarters required. They were previously determined based on retirement at the age of 65.

The INSEE life table (TD-TV 13-15) was used to carry out the assessment of commitments for the 2018 financial year and the INSEE life table (TD-TV 14-16) was used to assess the commitments for the 2019 financial year.

The Group has no assets to cover its commitments to personnel for post-employment benefits.

At the end of the 2019 and 2018 financial years, the Group's total commitment for employee benefits breaks down as follows:

	2019	2018
- Banque Delubac & Cie	747	691
- Delubac Asset Management	41	35

Actuarial differences correspond to adjustments to the provision for retirement benefits resulting from changes in actuarial assumptions used from one year to the next:

- endogenous assumptions (staff career profile, turnover, retirement age);
- exogenous assumptions (update of the life table, evolution of the discount rate).

At the end of 2019, the unrecognized actuarial gains and losses were as follows:

	Banque Delubac & Cie	Delubac Asset Management
- Total amount of the commitment	747	41
- Provisions recognised	(1,614)	(73)
- Actuarial differences not recognised	(867)	(32)

The differences noted at the end of 2015 are included in the consolidated profit and loss account since 1 January 2016.

(2) Provisions/Other risks and charges	31-12-2019	31-12-2018
Insurance deductibles/Litigation	470	470
Labour disputes	219	257
Contributors commission	57	57
Other commercial disputes	1,050	605
Miscellaneous	127	7
Provisions/Other risks and charges	**1,923**	**1,396**

Litigation and legal action

Litigation provisioning decisions are taken collectively and after full analysis within the framework of a quarterly committee comprising the Management Board, the Director of Legal Affairs, the Risk Director, the Litigation Director and the Chief Financial Officer.

The Group is involved in certain legal actions resulting from the normal conduct of its business. Banque Delubac & Cie considers that its defence is adequate and that the consequences of these disputes will not have a significant effect on its annual financial statements or its results, although it is however not possible to give any assurance on the final outcome of these disputes.

NOTE 20. MUTUAL GUARANTEE FUND

	31-12-2019	31-12-2018
Value at the start of the financial year	-	1 091
Allocations for the financial year	-	786
Carry forward for the financial year	-	(1 877)
Mutual guarantee fund	**-**	**-**

(1) It was decided to stop the operation of this fund from 1 January 2019. All of the amounts allocated as of 31 December 2018 were carried forward on that date.

NOTE 21. MINORITY INTEREST

	31-12-2019	31-12-2018
Compagnie Foncière du Confluent	52	62
Minority interests	**52**	**62**

The change corresponds to the share of minority interests in the subsidiary's 2019 profit loss.

NOTE 22. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - GROUP SHARE

(In thousands of euros)	Capital	Reserves and carried forward	Revenue	Total
Consolidated equity at 31 December 2017	**11,696**	**28,722**	**(387)**	**40,031**
Consolidated income for the 2018 financial year	-	-	(4,238)	(4,238)
Allocation to the Mutual Guarantee Fund	-	-	-	-
Consolidated income allocation for the 2017 financial year	-	(387)	387	-
Consolidated equity as of 31 December 2018	**11,696**	**28,335**	**(4,238)**	**35,793**
Consolidated income for the financial year 2019	-	-	8,730	8,730
Mutual Guarantee Fund	-	-	-	-
Consolidated income allocation for the 2018 financial year	-	(4,238)	4,238	-
Consolidated equity as of 31 December 2019	**11,696**	**24,097**	**8,730**	**44,523**

NOTE 23. SUBSCRIBED CAPITAL AND ISSUANCE PREMIUMS

	Number	Unit value (euros)	Amount (in thousands of euros)
Number of shares issued as of 31 December 2017	**2,923,944**	**4.00**	**11,696**
Transactions in the 2018 financial year	-	-	-
Number of shares issued as of 31 December 2018	**2,923,944**	**4.00**	**11,696**
Transactions in the 2019 financial year	-	-	-
Number of shares issued as of 31 December 2019	**2,923,944**	**4.00**	**11,696**

N.B. A reserved capital increase was subscribed by Cheylaroise de Participation on 6 May 2010. The capital was paid up on 24 December 2019.

Unchanged share capital compared to 31 December 2018

At 31 December 2019, the share capital of Banque Delubac & Cie was broken down as follows:

	Number of shares	%
Cheylaroise de Participation	1,197,603	40.96
Sky Gift	584,836	20.00
Interhold	584,792	20.00
Caisse de Compensation Locative	200,256	6.85
Mr Jean-Michel Samuel-Delubac	168,901	5.78
Mrs Madeleine Samuel	110,379	3.78
Mrs Jennifer Docquet	60,058	2.05
Mr Albert Chassagnon	14,032	0.48
Mr Jean Samuel	2,844	0.10
Other natural and legal persons (1)	243	P.M
Total	**2,923,944**	**100.00**

(1) Including a share held by Société Privée de Participations Patrimoniale (statutory general partner).

Dividends paid

No dividend was paid in 2018 for the 2017 financial year. A dividend of 100 thousand euros was paid in 2017 for the 2016 financial year. A dividend of 100 thousand euros was paid in 2016 for the 2015 financial year.

4. Notes to the consolidated profit and loss account

NOTE 24. INTEREST AND SIMILAR INCOME

	2019	2018
Transactions with credit institutions	680	651
Securities transactions (1)	4,588	4,798
Client transactions	3,500	3,454
Interest receivable and similar income	**8,768**	**8,903**

(1) Interest income on bonds	4 355	4 958
Discount spread	570	454
Premium spread	(337)	(614)

NOTE 25. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
Transactions with credit institutions	(706)	(140)
Securities transactions	-	-
Client transactions	(177)	(233)
Interest payable and similar charges	**(1,220)**	**(373)**

NOTE 26. INCOME FROM VARIABLE-INCOME SECURITIES

	2019	2018
Dividends and similar income	2	126
Income from variable-income securities	**2**	**126**

- MCA Finance	-	126
- FFLE financial products	2	-

NOTE 27. COMMISSION INCOME AND EXPENSES

	2019	2018
Transactions with credit institutions	168	12
Foreign exchange and arbitrage transactions	-	-
Client transactions	20,217	19,880
Securities transactions	1,076	1,334
Financing and guarantee commitments	592	629
Services	1,034	805
Income on means of payment	1,605	1,814
Commissions (income)	**24,692**	**24,474**
Transactions with credit institutions	(399)	(423)
Client transactions	-	-
Transactions on financial instruments	-	-
Foreign exchange and arbitrage transactions	(5)	-
Services	(2,766)	(572)
Commissions (charges)	**(3,170)**	**(995)**

NOTE 28. GAINS OR LOSSES ON TRADING PORTFOLIO TRANSACTIONS

	2019	2018
Gains or (losses) on trading securities	131	(1)
Depreciation of trading securities	-	-
Gains or losses on trading portfolio transactions	**131**	**(1)**

NOTE 29. GAINS OR LOSSES ON TRANSACTIONS IN INVESTMENT PORTFOLIOS AND SIMILAR INSTRUMENTS

	2019	2018
Income (Expenses)/Marketable securities	2,285	3,532
(Allocations) Reversals/Depreciation of investment securities	(2,219)	(1,285)
Gains or losses on transactions in investment portfolios and similar instruments	**66**	**2,247**

(1) Including 5,709 capital gains from the sale of bonds in the 2018 financial year.
Including (2,903) capital losses from the sale of bonds in 2018 financial year.

NOTE 30. OTHER BANKING OPERATING INCOME AND EXPENSES

	2019	2018
Miscellaneous banking income	963	1,008
Income/Leasing transactions	90	101
Imcome/Simple rental transactions (1)	2,218	2,739
Other miscellaneous operating income	441	20
Other banking operating income	**3,712**	**3,868**
Returned income (2)	(2,015)	(2,566)
Charges/Leasing transactions	(76)	(88)
Miscellaneous banking operating charges	(191)	(108)
Other miscellaneous operating expenses	(116)	(132)
Other banking operating expenses	**(2,398)**	**(2,894)**

(1) Relates mainly to rental income invoices by FFLE.

The other rents relate to rental income external to the Delubac & Cie group invoiced by Compagnie Foncière du Confluent. This subsidiary has opted for the linearisation of rents over the duration of the contracts, which consists of spreading the rent franchises over this period.

(2) The retroceded income corresponds to the remuneration of business introducers for the "Savings management" activity.

NOTE 31. GENERAL OPERATING EXPENSES

	2019	2018
Personnel (1)	(22,091)	(16,406)
Taxes	(1,259)	(1,393)
External services	(18,496)	(14,674)
General operating expenses	**(41,846)**	**(32,473)**

(1)	2019	2018
Remuneration (1)	(12,722)	(10,624)
Payroll taxes	(5,400)	(4,834)
Taxes on remuneration	(1,057)	(948)
Employee incentive (2)	(146)	-
Employee profit sharing (3)	(2,766)	-
Personnel	**(22,091)**	**(16,406)**

(1) This item includes the (expense) or annual income for post-employment benefits of personnel, respectively 17 and 21 for the 2018 and 2017 financial years (See Note 19 on "Provisions").

(2) The incentive payment is equal to 10% of the current consolidated income before tax and profit-sharing of the Delubac Group Economic and Social Union formed by Banque Delubac & Cie and its subsidiaries, with the exception of FFLE. This amount is reduced by the sums paid for profit sharing and limited to 20% of the total gross annual salaries paid to beneficiary staff - Agreement of 4 December 2014.
At the end of the 2018 financial year, the calculation bases were negative.

(3) The special participation reserve is determined on the basis of the compulsory legal formula, from the consolidated bases of the Delubac Group Economic and Social Union formed by Banque Delubac & Cie and its subsidiaries, with the exception of FFLE (50% x (tax profit after deduction of corporate tax - 5% of equity excluding profit for the financial year) x Salaries / Value added) - Agreement of 19 December 2013 modified by amendment of 14 January 2014.
At the end of the 2018 financial year, the amount of return on equity was higher than that of tax profit after deduction of corporate tax.

NOTE 32. DEPRECIATION AND AMORTISATION OF INTANGIBLE AND TANGIBLE FIXED ASSETS

	2019	2018
Intangible fixed assets (1)	(1,577)	(778)
Tangible fixed assets	(1,858)	(1,816)
Depreciation and amortisation of intangible and tangible fixed assets	**(3,435)**	**(2,594)**

(1) Increase due to change in the amortisation period of intangible assets.

N.B. Reversals of depreciation corresponding to items disposed of are recorded in extraordinary income.

NOTE 33. COST OF RISK

	2019	2018
Client transactions	(7,433)	(4,606)
Net depreciation	**(7,433)**	**(4,606)**
Losses covered by depreciation (3)	-	-
Losses not covered by depreciation	(1,381)	(1,662)
Losses on bad debts	**(1,381)**	**(1,662)**
Fees/Insurance (1)	**-**	**(953)**
Net allocations/reversals of allocations (2)	**(527)**	**(858)**
Cost of risk	**(9,341)**	**8,079**

(1) Since 1 January 2013, the advisory fees incurred in connection with debt recovery and not recovered from debtors are included in this section. The same applies to credit insurance taken out by Banque Delubac & Cie. As of 31 December 2019, it was decided to reclassify these charges in the "General operating charges.

(2) These movements relate to provisions for risks and charges (see Note 19 on "Provisions").

(3) Since 1 January 2017, these amounts are assigned directly to the depreciation in the balance sheet and no longer pass through the profit and loss account (see Note 8 on "Client transactions").

NOTE 34. GAINS OR LOSSES ON FIXED ASSETS

	2019	2018
Capital gains on the sale of equity securities (1)	2,103	-
Reversal of depreciation of equity securities	-	-
Capital losses on the sale of equity securities	-	-
Income from the sale of equity securities	**2,103**	**-**
Income from the sale of financial assets (2)	50,449	-
Income from the sale of fixed assets (3)	-	1,631
Gains or losses on fixed assets	**52,552**	**1,631**

(1) Sale of MCA Finance securities (see Note 2).

(2) Sale of the bond portfolio (see Note 2).

(3) Capital gain on the consolidated sale of the Gentilly building held by FFLE.

NOTE 35. EXCEPTIONAL INCOME

	2019	2018
Regularisation of re-invoicing of rental charges 2017 / Parisian rents	-	74
Other income	427	-
Exceptional income	**427**	**74**
Risk provision/Labour dispute	-	-
Miscellaneous expense	(215)	(10)
Exceptional expense	**(215)**	**(10)**
Exceptional income	**212**	**64**

NOTE 36. TAX ON EARNINGS AND DEFERRED TAXES

36.1 BREAKDOWN OF TAX INCOME (EXPENSE)

	2019	2018
(Expense) current tax income	(6,454)	-
(Expense) deferred tax income	(2,000)	1,354
Tax on earnings	**(8,454)**	**1,354**

Since 1 January 2012, Banque Delubac & Cie has formed a tax consolidation scope with some of its subsidiaries:

- Delubac Asset Management
- Astorg Immobilier
- Compagnie Foncière du Confluent
- Haussmann Recouvrement

The tax consolidation agreement provides that the deficits of the subsidiaries from which Banque Delubac & Cie benefits are definitively acquired.

36.2 PROOF OF TAX - RECONCILIATION BETWEEN THE THEORETICAL TAX PRODUCT (EXPENSE) AND THE CONSOLIDATED TAX INCOME (EXPENSE)

	2019	2018
Consolidated income before tax	17,184	(5,592)
Theoretical tax income (expense) (1)	**(5,462)**	**1,565**
Depreciation of tax losses prior to tax consolidation	-	(141)
Allocation of previous tax deficits (2)	212	-
Impact of updating deferred taxes at 28%	-	422
Taxes/Exercise of FFLE contracts option	(138)	(536)
Employment Competitiveness Tax Credit	-	(64)
Permanent differences (3)	(3,822)	(146)
Taxes/Gain on sale of MCA Finance	455	-
Taxes on MCA Finance dividend	-	34
Other differences	295	92
Consolidated tax income (expense)	**(8,460)**	**1,354**

(1) Calculation made according to the legal tax rate applicable in France:
- for 2019, 28% up to 500,000 euros, 31% on the difference between the tax income and the 500,000 euros plus a tax supplement of 3.3%,
- for 2018, at the rate of 28% for a financial year in deficit.

(2) Previous tax losses were charged to the taxable income at the rate applicable in 2019 (see above); they were activated in consolidation at the rate of 28%.

(3) Fund for General Banking Risks, amortisation and reversal of goodwill, excess amortisation, tax on company vehicles, tax on offices.

NOTE 37. DOTATIONS AUX AMORTISSEMENTS DES ÉCARTS D’ACQUISITION

	2019	2018
Badwill FFLE reversal (1)	112	500
Goodwill amortisation	**112**	**500**

(1) The negative goodwill (badwill) on FFLE is reported to the consolidated income over the residual term of its finance leases, i.e. on average 5.5 years

NOTE 38. CONSOLIDATED NET PROFIT PER SHARE

	2019	2018
Number of shares outstanding (1)	2,787,784	2,787,784
Number of potentially dilutive shares	-	-
Average number of shares after dilution	2,787,784	2,787,784
Consolidated net income - Group share (in thousands of euros)	8,730	(4,238)
Consolidated net profit per share (euros)	**3.13**	**(1.52)**
Diluted consolidated net profit per share (euros)	**3.13**	**(1.52)**

At the end of the 2019 and 2018 financial years, there were no ordinary potentially dilutive shares.

(1) The shares subscribed on 6 May 2010 (see Note 23 on “Subscribed capital and share premiums”) are not taken into account in the calculation of the net income per share, having been paid up on 24 December 2019 (insignificant impact on the weighted average number of shares).

5. Other explanatory notes

NOTE 39. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS

39.1 CONSOLIDATED GIVEN COMMITMENTS

	31-12-2019	31-12-2018
In favour of credit institutions (1)	-	326,154
In favour of clients	31,110	24,276
Funding commitments	**31,110**	**350,430**
Foreign currency transactions	48	-
Client request	12,817	10,024
Guarantee commitments	**12,865**	**10,024**
Interest rate instrument transactions	8,314	3,796
Security-based commitments	**8,314**	**3,796**
Other commitments	**-**	**-**

(1) Bonds eligible by the ECB used as collateral in the framework of advances granted by the Central Bank (see Note 16 on "Interbank and similar transactions").

39.2 CONSOLIDATED RECEIVED COMMITMENTS

	31-12-2019	31-12-2018
From credit institutions	-	-
From clients	-	-
Funding commitments	**-**	**-**
From credit institutions	-	-
From clients	142	91
Guarantees received	-	-
Guarantee commitments	**142**	**91**

NOTE 40. AFFILIATED COMPANIES

The list of the Group's consolidated companies is presented in Note 3 "Scope of consolidation".

With the exceptions mentioned below, the transactions carried out during the financial years as well as the outstanding amounts existing at the end of the period between the companies of the Group fully consolidated are completely eliminated in consolidation. It is not the same with the outstanding amounts existing on proportionally integrated companies. In addition, since VAT recovery rates are not 100% for all Group companies, certain amounts of expenses and income have not been eliminated between fully integrated companies.

	2019	2018
Total DAM expenses not eliminated (1)	**(42)**	**(67)**

(1) Provision of personnel, various services and banking services from Banque Delubac & Cie, rents and rental charges from Compagnie Foncière du Confluent.

	2019	2018
Total Banque Delubac & Cie expenses not eliminated (1)	**(251)**	**(320)**

(1) Rents and rental charges of Compagnie Foncière du Confluent, debt collection fees from Haussmann Recouvrement, composition management and RTO mandate of Delubac Asset Management.

	2019	2018
Interest/ordinary accounts receivable and on loans - FFLE	-	4
Banking services - FFLE	4	34
Total Banque Delubac & Cie income not eliminated	**4**	**38**

	2019	2018
Partner current account - FFLE	2,468	213
Credits - FFLE	-	-
Total Bank Delubac & Cie assets not eliminated	**2,468**	**213**

	2019	2018
Ordinary accounts receivable - FFLE	1,741	2,088
Total Bank Delubac & Cie liabilities not eliminated	**1,741**	**2,088**

NOTE 41. STATUTORY AUDITORS' FEES

The fees excluding taxes and disbursements invoiced by the Statutory Auditors are as follows (in thousands of euros):

	2019	2018
Statutory Auditors' fees (1)	**(436)**	**(401)**

(1) These amounts relate to the interventions, excluding reimbursement of costs, of the Statutory Auditors on the annual accounts of Banque Delubac & Cie and its subsidiaries Delubac Asset Management, Haussmann Recouvrement and FFLE, as well as on the Group's consolidated financial statements, as well as missions invoiced for services other than certification of accounts.

NOTE 42. EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

At the end of the 2019 financial year, there were no significant events after the financial year that should have resulted in a recording in the consolidated balance sheet, or in the consolidated profit and loss account, or in the notes appended thereto.

5 | CORPORATE FINANCIAL STATEMENTS FOR THE 2019 FINANCIAL YEAR

1. BALANCE SHEET AT 31 DECEMBER 2019

Assets (in thousands of euros)	Notes	31-12-2019	31-12-2018
Cash register, Central Banks	(6)	341,676	101,577
Treasury bills and similar securities	-	-	-
Claims on credit institutions	(7)	135,922	58,872
Client transactions	(8)	200,929	208,658
Bonds and other fixed-income securities	(9)	36,951	355,500
Equities and other variable-income securities	(10)	10,129	4,362
Shareholdings and other long-term securities	(11)	1,776	3,571
Shares in affiliated companies	(12)	34,919	34,919
Intangible fixed assets	(13)	3,715	5,612
Tangible fixed assets	(14)	3,077	3,181
Uncalled subscribed capital	(15)	-	1,498
Treasury shares	-	-	-
Other assets	(16)	9,724	10,098
Prepayments and accrued income	(17)	6,163	6,981
Total assets	**-**	**784,981**	**794,829**

Liabilities (in thousands of euros)	Notes	31-12-2019	31-12-2018
Central banks	(18)	-	50,000
Amounts owed to credit institutions	(19)	451	1,086
Client transactions	(20)	692,275	683,672
Debts evidenced by certificates	-	1	1
Other liabilities	(21)	18,613	8,750
Accruals and deferred income	(22)	6,161	8,231
Provisions	(23)	1,775	1,248
Fund for General Banking Risks (FGBR)	(24)	12,000	-
Shareholders' equity (excluding FGBR)	(25)	**53,705**	**41,841**
Subscribed capital		11,696	11,696
Issuance premiums		953	953
Reserves	-	10,544	10,544
Revaluation difference	-	-	-
Regulated provisions and investment subsidies	-	550	827
Carried forward	-	17,821	21,161
Earnings for the financial year	-	12,141	(3,340)
Total liabilities	**-**	**784,981**	**794,829**

2. OFF-BALANCE SHEET COMMITMENTS AT 31 DECEMBER 2019

(In thousands of euros)	Notes	31-12-2019	31-12-2018
Given commitments	(41)	52,389	364,250
Funding commitments	-	31,110	350,430
Guarantee commitments	-	12,917	10,024
Security-based commitments	-	8,314	3,796
Foreign currency transactions	-	48	-
Received commitments	**(41)**	**142**	**91**
Funding commitments	-	-	-
Guarantee commitments	-	142	91
Security-based commitments	-	-	-

3. PROFIT AND LOSS ACCOUNT FOR THE 2019 FINANCIAL YEAR

(In thousands of euros)	**Notes**	**2019**	**2018**
Interest receivable and similar income	(26)	10,969	11,115
Interest payable and similar expenses	(27)	(861)	(314)
Income from variable-income securities	(28)	917	4,227
Commissions (income)	(29)	22,137	21,801
Commissions (expenses)	(29)	(3,515)	(1,120)
Gains or losses/Trading portfolio transactions	(30)	136	-
Gains or losses/Transactions in investment portfolios and similar instruments	(31)	43	2,272
Other banking operating income	(32)	1,055	1,110
Other banking operating expenses	(32)	(1,799)	(2,028)
Net banking income	**-**	**29,082**	**37,063**
General operating expenses	(33)	(39,415)	(30,275)
Depreciation and amortisation of intangible and tangible fixed assets	(34)	(2,243)	(1,406)
Gross operating income	**-**	**(12,576)**	**5,382**
Cost of risk	(35)	(9,341)	(8,248)
Operating income	**-**	**(21,917)**	**(2,866)**
Gains or losses on fixed assets	(36)	52,175	-
Earnings before tax	**-**	**30,258**	**(2,866)**
Exceptional income	(37)	60	(490)
Tax on earnings	(38)	(6,454)	-
FGBR allocations/carried forward and regulated provisions	(39)	(11,723)	16
Net income	**-**	**12,141**	**(3,340)**
Net earnings per share (euros)	*(40)*	*4.36*	*(1.20)*

4. APPENDIX TO THE CORPORATE FINANCIAL STATEMENTS FOR THE 2019 FINANCIAL YEAR

1. General information

NOTE 1. GENERAL INFORMATION

Created in 1924 by Mr Maurice Delubac, Banque Delubac & Cie is a limited partnership (SCS) domiciled in France with a capital of €11,695,776 (see Note 25 on "Subscribed capital").

Its registered office is located at 16, place Saléon Terras – 07160 Le Cheylard (Ardèche) - France. It has secondary establishments in Paris, Lyon, Toulouse and Valence.

The twelve-month financial year begins on 1 January and ends on 31 December.

In this document, the term "Company" refers to Banque Delubac & Cie SCS. The Company's main activities are as follows:

- Restructuring Banking
- Property Administrators Banking
- Retail Bank known as "in bonis"
- Savings Management Bank
- Corporate Bank

Legal Bank

Banque Delubac & Cie has engaged in the field of short-term financing of companies in difficulty under the terms of a procedure whether it is contractual or collective. The branch of activity applies a national development policy, in particular through provincial agencies (Lyon, Toulouse and Valence).

The Bank operates within a specific legal perimeter to cover all periods of difficulty for the company:

- Ad hoc mandate
- Conciliation
- Safeguard
- Bankruptcy filing preparation
- Court-ordered administration, general or simplified regime
- Business continuation plan
- Legal liquidation with continuation of activity
- Temporary administration

The intervention of Banque Delubac & Cie on the market of companies in difficulty is carried out using short-term financing, mainly the lines of mobilisation of receivables, assignment of unpaid "Dailly Act" professional receivables, discounting commercial bill and factoring, offering its clients the means to finance their working capital needs.

Property Administrators Banking

The objective of this branch of activity is to offer the widest range of services and is best suited to the needs of property administrators and co-ownership trustees. Developers, property traders and real estate agents are outside the scope of intervention of Banque Delubac & Cie.

Operating mainly in Paris and the Paris region, Banque Delubac & Cie offers tailor-made services by offering its clients:

- Management of corporate bank accounts;
- Management of clients' bank accounts and financial flows, the latter being divided between the collection of rents and co-ownership charges, payments from suppliers and payment of rents to owners;
- Advice due to a very good knowledge of this sector of activity;
- Support in commercial and/or operational development by setting up appropriate financing: acquisition of tangible fixed assets (IT equipment, etc.) and intangible fixed assets (business assets, etc.).

Retail Banking known as "in bonis"

This department carries out the traditional activity of retail banking, short and medium term financing and offers services to individuals and businesses that are not property administrators, known as "in bonis" as opposed to the client companies of the Restructuring Banking.

Savings Management Bank

The savings management activity within Banque Delubac & Cie covers life insurance and the capture of assets through a network of brokers and agents as well as private individuals holding securities portfolios.

Corporate Bank

Banque Delubac & Cie has created a business around the concept “Corporate Finance”.

The Business Bank team detects, proposes, organises and directs equity and financial engineering transactions, such as mergers and acquisitions of unlisted companies, mergers of listed companies, introductions on the stock market on all markets, capital restructuring and financial rounds, market calls for the benefit of listed companies, public offers, equity certificates, as well as debt transactions (advice in debt restructuring, financing working capital requirement).

Banque Delubac & Cie corporate financial statments

The Company’s corporate financial statements for the 2019 financial year, approved by the Corporate Financial Statements Committee meeting on 16 March 2020, include:

- the balance sheet on the financial position at 31 December 2019, before appropriation of earnings;
- the result on the financial performance of the 2019 financial year for a period of twelve months;
- the table of off-balance sheet commitments at 31 December 2019;
- as well as the present notes supplementing and commenting on the information given by the balance sheet, the table of off-balance sheet commitments and the profit and loss account.

By way of comparison, the balance sheet items, the profit and loss account items and the information given in the notes to the financial statements include the elements of the previous financial year.

Unless otherwise duly mentioned, the financial statements are presented in thousands of euros.

It is specified that regulation no.2000-03 of the Accounting Regulation Committee, relating to the individual summary documents of the companies reporting to the CRBF, do not foresee any obligation concerning the presentation of a cash flow variation table.

Management - General partners

On the date of the closing of the 2019 financial statements, the General Partners, jointly and severally liable for Banque Delubac & Cie's corporate debts on their own property, are as follows:

Mr Serge Bialkiewicz	Statutory manager - Senior Manager
Mr Jean-Michel Samuel-Delubac	Statutory manager
Mr Joël-Alexis Bialkiewicz	Statutory manager
Caisse de Compensation Locative	Statutory manager represented by Mr Serge Bialkiewicz
Société Privée de Participations Patrimoniale	Statutory general partner represented by Mr Joël-Alexis Bialkiewicz
Mrs Madeleine Samuel	Statutory general partner
Mrs Jennifer Docquet	Statutory general partner

Statutory auditors

The Statutory Auditors were appointed by the General Meeting on 30 April 2015. Their terms of office will end at the end of the General Meeting called to approve the accounts for the year ending 31 December 2020.

PRIMARY STATUTORY AUDITORS

Hoche Audit	represented by Mrs Laurence Zermati
William Nahum Associés et Partenaires	represented by Mr William Nahum

ALTERNATE STATUTORY AUDITORS

Auditoring International	represented by Mr Nicolas Metge
Mr Jean-Pierre Bard	

NOTE 2. EVENTS AND HIGHLIGHTS OF THE FINANCIAL YEAR

French Prudential Control and Resolution Authority (ACPR)

On 24 July 2019, the General Secretariat of the French Prudential Control and Resolution Authority (ACPR) sent the Managing Partners of Banque Delubac & Cie a follow-up letter setting out all the injunctions issued by the general inspectorate, following investigations carried out in the 2018 financial year and relating to the credit process. This letter was the subject of a report to the institution's supervisory body.

It should be noted that the follow-up letter is the most favourable process for the Bank, no penalty having been requested.

The injunctions relate to improvements to the credit process, the management of disputes and the monitoring of provisions for additional depreciation, requested by the ACPR's general inspectorate.

All the requested provisions were recorded during the year. The Bank's response was sent during the last quarter of 2019.

Regarding operations with Iran, the follow-up letter acknowledges our very specialised process for monitoring sanctions and finds no breaches. It does not call for a specific response.

Sale of the bond portfolio

In 2019, in order to meet the capital requirements set by the ACPR, Banque Delubac & Cie was forced to carry out an exceptional sale of its bond assets, generating a substantial unrealised gain of 50,449,000 euros. Such a transaction is part of the exceptions to the rule prohibiting reinvestment in investment securities for two years, that is, until 31 December 2021. A consultation on the possibility of not having to apply this rule is currently under way.

FGBR (Fund for General Banking Risk) allocation

In accordance with Article 3 of the Banking and Financial Regulatory Committee (CRBF) regulation no. 90-02 (see Note 3.13), it was decided to allocate 12 million euros to the fund for general banking risks.

Sale of MCA Finance

On 29 March 2019, the 38.12% stake held in MCA Finance was sold for the sum of 3,869,000 euros. The capital gain resulting from this sale amounted to 1,726,000 euros.

NOTE 3. ACCOUNTING PRINCIPLES AND VALUATION METHOD

3.1 ACCOUNTING RULES AND METHODS

Banque Delubac & Cie corporate financial statements for the 2019 financial year , as well as the comparative data for the 2018 financial year presented in this document, were established in accordance with the provisions of regulations no. 2014-07 and no. 2014-03 of the Accounting Standards Authority (ANC) relating respectively to the accounts of companies in the banking sector and to the general chart of accounts.

Regulation no. 2014-03 has been modified by the ANC regulation no. 2015-06.

The presentation of the financial statements complies with the provisions of ANC regulation no. 2014-07.

3.2 ACCOUNTING CHANGES

3.2.1 ERROR CORRECTIONS

Error corrections are the result of errors, material omissions, or misinterpretations in previous financial years. As such, no corrections were made in the corporate financial statements for the financial years 2019 and 2018.

3.2.2 CHANGES IN ESTIMATES AND APPLICATION METHODS

An estimate is revised if the circumstances on which it was based are changed due to new information or better experience.

The effects of changes in estimates are recorded prospectively and do not affect equity.

As such, a change was made to the estimate and application methods in the 2019 corporate financial statements for intangible assets. IT developments are now recorded in expenses for the year.

In addition, the amortisation period of certain intangible assets has been reduced from 10 to 8 years.

(See Note 34 "Depreciation and amortisation of intangible and tangible fixed assets")

No changes were made to the estimate or the application methods in the 2018 corporate financial statements.

3.2.3 CHANGES IN THE PRESENTATION OF THE BALANCE SHEET ITEMS AND THE PROFIT AND LOSS ACCOUNT ITEMS

In order to improve the presentation of the financial situation and the financial performance of Banque Delubac & Cie, reclassifications can be made within the balance sheet items and profit and loss account items.

In 2019, the following reclassifications were made to the profit and loss account:

- The fees of advisers engaged within the framework of the recovery of debts and not recovered from the debtors are no longer entered in the “Cost of risk” section (see Note 35). The same applies to credit insurance taken out by Banque Delubac & Cie. All of these expenses are presented in “General operating expenses”;
- The costs relating to bank card operations have been reclassified from “General operating expenses” to the “Commissions - Expenses” section.

No change in presentation was made in the 2018 corporate financial statements.

3.2.4 CHANGE IN ACCOUNTING METHOD

No change in accounting method was made in the corporate financial statements for the 2019 and 2018 financial years.

3.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

To prepare its financial statements, the Company’s Management must make estimates and make assumptions that affect the book value of assets and liabilities, income and expenses, as well as the information given in the notes.

The Management makes these estimates and assessments continuously on the basis of its past experience as well as various factors deemed reasonable which form the basis of these assessments.

The amounts that will appear in future financial statements may differ from these estimates depending on the evolution of these assumptions or different conditions.

The main significant estimates made by the Company’s Management relate in particular to the valuation of intangible, tangible and financial assets, amortisation, depreciation and provisions.

3.4 APPLICATION OF NEW ACCOUNTING REGULATIONS

Since 1 January 2016, regulation no. 2015-06 of 23 November 2015 of the Accounting Standards Authority (ANC) has been applied, modifying ANC regulation no. 2014-03 relating to the general chart of accounts.

3.5 FOREIGN CURRENCIES

Transactions in foreign currencies are recorded using the exchange rate in effect on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are converted into euros on the closing date using the exchange rate on this date.

Monetary assets and liabilities denominated in foreign currencies are converted into euros on the closing date using the exchange rate on this date. Translation differences are entered in the balance sheet assets when the difference corresponds to an unrealised loss and in the balance sheet liabilities when the difference corresponds to an unrealised gain.

Exchange differences that have become final are taken into account for expenses and income. Unrealised losses lead to the creation of a provision for risks.

3.6 CLAIMS ON CREDIT INSTITUTIONS AND CLIENTS

Receivables from credit institutions and clients appear on the balance sheet at their nominal value. They are broken down according to their initial duration or the nature of the claims:

- demand claims (ordinary accounts and day-to-day transactions) and term claims for credit institutions;
- trade receivables, ordinary accounts and other assistance to clients.

Interest accrued on receivables is posted to related receivables against the profit and loss account.

3.7 DEPRECIATION FOR PROVEN CREDIT RISK

The criteria for assessing the proven nature of a credit risk on individual outstandings are similar to those used by French accounting regulations to consider an outstanding as doubtful.

Pursuant to ANC regulation no. 2014-07, when an undertaking carries a proven credit risk, making it likely that Banque Delubac & Cie will not collect all or part of the sums due in respect of commitments entered into by the counterparty, in accordance with the initial contractual provisions, and notwithstanding the existence of guarantees, the related outstanding amount is classified as doubtful outstanding.

The downgrading of doubtful loans is carried out if there is one or more unpaid amount for at least three months (six months for property loans) or if, regardless of the existence of any unpaid amount, it can be concluded that there is a proven risk, or if there are litigation procedures.

Unauthorised overdrafts are qualified as doubtful outstandings at the latest after a period of three months of continuous exceeding of the limits brought to the attention of private clients and of the limits resulting from legal or factual agreements with the other categories of clients.

For a given debtor, the classification of an outstanding amount in doubtful debts involves, by “contagion” an identical classification of all the outstanding amounts and commitments on this debtor, despite the existence of guarantees.

Doubtful and non-performing outstandings give rise to the constitution of depreciation for doubtful and non-performing debts up to the probable losses, entered directly in reduction of assets.

Depreciation charges and reversals, losses on irrecoverable debts and recoveries on amortised debts are presented in “Cost of risk”

Doubtful debts can be reclassified as healthy outstanding when the proven credit risk is definitively removed and when payments have resumed on a regular basis for the amounts corresponding to the original contractual maturities. Likewise, doubtful debts that have been restructured can be reclassified as healthy outstandings. When the creditworthiness of a debtor is such that after a reasonable period of classification in doubtful outstanding, the reclassification of a debt as healthy outstanding is no longer predictable, this debt is specifically identified as non-performing outstanding.

This identification occurs at the end of the term or at the termination of the contract, and, in any event, one year after the classification as doubtful outstanding, with the exception of doubtful outstanding for which the contractual clauses are respected and those associated guarantees allowing their recovery. Restructured claims for which the debtor has not met the deadlines set are also considered non-performing outstandings.

3.8 SECURITIES PORTFOLIO

and other variable-income securities) and their destination portfolio (trading, market, investment, equity securities).

For each securities portfolio category, the classification and valuation rules applied in accordance with the provisions of ANC’s amended regulation no. 2014-07 on the accounting for securities transactions, are the following:

Trading securities

Transactions in liquid markets carried out from the outset with the aim of reselling them or marketing them with clients, in the short term are considered trading securities. At the end of the financial year, the securities are valued on the basis of their market value. The overall balance of differences resulting from price variations is taken to the profit and loss account.

Marketable securities

These are securities which are not registered either among trading securities, investment securities, equity and subsidiary securities, other long-term securities and securities of the portfolio activity.

Marketable securities are recorded at their acquisition cost, excluding fees. Accrued interest on purchase is recorded, if necessary, in attached financial statements.

The difference between the value on the date of acquisition and the redemption value of these securities is spread prorata temporis over the period remaining until the redemption date. The spreading of this difference is achieved using the linear method for simplification purposes.

At the end of the financial year, the value of the securities is estimated on the basis of the most recent price for listed securities and according to their probable trading value for unlisted securities.

Unrealised losses resulting from this valuation give rise to the creation of a depreciation. Unrealised gains are not recognised.

Marketable securities may be transferred to the “investment securities” category if:

- an exceptional market situation requires a change in the holding strategy,
- or if the fixed income securities are no longer, after their acquisition, negotiable on an active market and if Banque Delubac & Cie has the intention and the capacity to hold them for the foreseeable future or until their maturity.

Investment securities

Fixed-income securities acquired with the intention of holding them to maturity and financed by permanent allocated resources are considered to be investment securities.

The difference between the value on the date of acquisition and the redemption value of these securities is spread prorata temporis over the period remaining until the redemption date. The spreading of this difference is achieved using the linear method for simplification purposes.

Investment securities are securities that have been acquired or reclassified from the “Trading securities” category or from the “Marketable securities” category.

When the accounts are closed, unrealised losses, determined by comparison between the book value and the market value, are not subject to depreciation. Unrealised gains are not accounted.

Equity and subsidiary securities

Securities of companies in which a fraction of the capital (10% to 50% for equity interests, more than 50% for subsidiaries) is held on a lasting basis are considered to be equity and subsidiary securities. They are recorded at cost, including acquisition costs.

Other long-term securities

Investments made by Banque Delubac & Cie with the intention of promoting the development of lasting professional relationships by creating a privileged link with the company issuing the securities, without, however, exercising an influence on its management, are considered other long-term securities.

These securities are recorded on the assets side of the balance sheet at their acquisition cost, fees included.

Presentation of shareholdings and other long-term securities

Shares and other variable-income securities which give rights to the capital of a company and create a lasting link with it are presented in the item “Shareholdings and other long-term securities” with the exception of those held entered in the section “Shares in affiliated companies”

An entity is considered to be linked to another when it is likely to be included by full integration or using the equity method in the same consolidable unit.

Valuation of shareholdings and other long-term securities

At the end of the financial year, if there are indications of impairment, the value of the securities is estimated on the basis of their value in use, determined according to several criteria, in particular the method of future cash flows, also known as “ Discounted Cash Flow “(DCF) is estimated. This method consists of calculating, by discounting, the net present value of the expected future cash flows from an activity. It is based on putting all the assumptions underlying a valuation into perspective (growth, profitability, investments) over a long period, cash flows being modelled and then projected over the long term.

According to this approach, the enterprise value corresponds to the sum of its forecast available cash flows, discounted at the weighted average cost of the capital employed.

Unrealised losses, equal to the difference between the book value and the enterprise value therefore obtained, are subject to depreciation.

Potential capital gains are not recognised.

Treasury shares

This item includes all treasury shares or securities of the same type purchased or subscribed by the institution, whether they are recorded under trading securities, marketable securities or fixed assets.

In accordance with article 2 of regulation no. 90-02 of the Banking and Financial Regulation Committee, treasury shares are deducted from regulatory equity.

Securities portfolio income

Income from shares, dividends and interim dividends is recorded as soon as it is collected. Income from bonds is recorded prorata temporis in the profit and loss account. Interest accrued on purchases is charged to accruals and prepayment.

Securities sales income

Gains or losses are determined in relation to the gross value of the securities sold, the costs of the sale being charged to the result of the sale. Any depreciation of these securities is then taken to the profit and loss account.

3.9 TANGIBLE AND INTANGIBLE FIXED ASSETS

Intangible fixed assets

(I) ASSETS

Intangible fixed assets which have been acquired by Banque Delubac & Cie are recognised at their acquisition cost less accumulated depreciation and amortisation.

(II) SUBSEQUENT EXPENSES

Subsequent intangible fixed asset expenses are capitalised only if they increase the future economic benefits associated with the corresponding specific asset and if their costs can be measured reliably. Other expenses are recognised as expenses over the period in which they are incurred.

(III) DEPRECIATION AND AMORTISATION

Amortisation is recognised as an expense on a linear basis over the estimated useful life of intangible fixed assets unless this duration is indefinite. Leasehold rights do not give rise to amortisation.

The estimated useful life of software is between 1 and 10 years.

Intangible fixed assets are subject to depreciation tests when there are indications of impairment (internal or external). In this case, depreciation is recorded in the profit and loss account.

It can be resumed when the conditions which led to its discovery are modified. This depreciation is recorded in the profit and loss account and therefore modifies the amortisation schedule of the depreciated assets prospectively.

In accordance with article 2 of regulation no. 90-02 of the Banking and Financial Regulation Committee relating to equity, intangible assets are deducted from regulatory equity.

TANGIBLE FIXED ASSETS

(I) ASSETS

Tangible fixed assets are valued at their acquisition cost, less accumulated depreciation and amortisation.

When components of tangible fixed assets have different useful lives, they are recognised as separate tangible fixed assets.

(II) SUBSEQUENT EXPENSES

In the book value of a tangible fixed asset, Banque Delubac & Cie recognises the cost of replacing a component of this tangible fixed asset at the time when this cost is incurred if it is probable that the future economic benefits associated with this asset will go to the Bank and if its cost can be reliably assessed. All current maintenance costs are recognised in expenses when incurred.

(III) DEPRECIATION AND AMORTISATION

Land is not depreciated.

As soon as they are in the state of being used according to the terms provided, tangible fixed assets are depreciated over their useful life, mainly on a linear basis. Where applicable, the asset’s residual value is deducted from its depreciable base. When one or more components of an asset have a different useful life or provide economic benefits at a different rate from that of the asset as a whole, these components are depreciated over their own useful life.

The estimated useful life of tangible fixed assets are as follows:

Buildings :	
- Electricity	25 years
- Plumbing /sanitary	25 years
- Lifts	25 years
- IGT	15 years
- Fittings	10 years
Technical installations	5 à 10 years
Industrial equipment and tools	5 years
Transport equipment	5 years
Office equipment	5 years
Computer hardware	3 years
Office furniture	10 years

The Cheylard IT back-up site and certain car parks in Paris are depreciated over a period of 60 years.

The residual values and the useful life of the assets are subject to an annual review. In the event that it is necessary to amend this data, the amortisation plan is modified prospectively.

Tangible fixed assets are subject to impairment tests when there are indications of impairment (internal or external). In this case, depreciation is recorded in the profit and loss account.

It can be resumed when the conditions which led to its discovery are modified. This depreciation is recorded in the profit and loss account and therefore modifies the amortisation schedule of the depreciated assets prospectively.

3.10 AMOUNTS OWED TO CREDIT INSTITUTIONS AND CLIENTS

Debts to credit institutions and clients are broken down according to their initial duration or the nature of these debts:

- demand and term debts;
- special scheme savings accounts and other client deposit accounts.

Interest accrued on these debts is posted to related debt accounts with a corresponding entry in the profit and loss account.

3.11 PROVISIONS

Provisions, other than provisions for employee benefits and credits, represent liabilities for which the maturity or the amount is not precisely determined. . Their constitution is subject to the existence of an obligation of the company towards a third party which is likely or certain to be extinguished by an outflow of resources for the benefit of this third party without at least equivalent consideration expected from it.

The estimated value of the outflow of resources is updated to determine the amount of the provision, as soon as the effect of this update is significant. Provisions are made for various disputes and risks in Banque Delubac & Cie accounts.

3.12 EMPLOYEE BENEFITS

Defined contribution plans

Contributions payable under a defined contribution plan are recognised in expenses when incurred.

Defined benefit plans

For defined benefit plans for long-term and post-employment benefits, benefit costs are estimated using the projected unit credit method.

Under this method, benefit rights are allocated to periods of service according to the plan's entitlement formula, taking into account a linearisation effect when the rate of right entitlement is not uniform during subsequent periods of service.

The amounts of future payments corresponding to the benefits granted to employees are assessed on the basis of hypotheses of salary development, age of voluntary departure, mortality, then reduced to their present value on the basis of the interest rates of long-term bonds of first category issuers.

The retirement age is calculated based on the employee's date of birth and the number of quarters remaining to be acquired, taking into account an average age of starting work of twenty years old (see Note 42).

When the calculation assumptions are revised, this results in actuarial differences, which modify the value of the commitments.

Long-service award

The applicable collective labour agreement does not provide for any bonuses regarding long-service awards and the Company has not created any practice in this matter. Consequently, no provision has been made in this respect.

3.13 FUND FOR GENERAL BANKING RISKS (FGBR)

Definition of FGBR

Under the terms of Article 3 of the Banking and Financial Regulation Committee regulation no. 90-02, "For institutions subject to the rules other than those subject to IFRS standards, the funds for general banking risks are the amounts that the managers responsible within the meaning of Article L. 511-13 of the Monetary and Financial Code decide to allocate to cover such risks, when reasons of prudence impose it in view of the risks inherent in banking operations.

In practice, the FGBRs cover in particular the following elements:

- General credit risk,
- Operational risks
- Home savings risk.

FGBR accounting process

The FGBR are allocated and taken over by the profit and loss account. Allocations and reversals are entered on a specific line of the profit and loss account and do not contribute to the "Net banking income"

The risks covered by the FGBR are not identified. If this were the case, these risks should be the subject of provisions entered in the liabilities of the balance sheet before equity.

In application of the general principles, since the FGBR cannot be linked to identified risks, the allocations are considered from the tax point of view as charges that are not deductible from the corporate tax base.

In the individual financial statements, the FGBR are presented before the sub-total "Equity (excluding FGBR)".

3.14 INTEREST INCOME AND EXPENSES

Interest income and expenses are recognised prorata temporis in the profit and loss account.

3.15 COMMISSION INCOME AND EXPENSES

The Company records commission income and expenses on services according to the nature of the services to which they relate.

Commissions remunerating continuous services, such as certain commissions on means of payment, custody fees for securities in deposit, or commissions on telematic subscriptions, are spread over the duration of the service rendered. The commissions remunerating one-off services such as the commissions on movements of funds, the commissions of contribution received, the commissions of arbitration or the penalties on incident of payments, are entirely recorded in income in the "Commission income" section when the service is carried out.

In accordance with regulation no. 2009-03 of the Accounting Regulation Committee of 3 December 2009, applicable as of 1 January 2010, the commissions received and the marginal transaction costs when granting or acquiring bank assistance are spread over the effective life of the credit. Banque Delubac & Cie has chosen to apply the alternative method of spreading linearly.

3.16 PERSONNEL COSTS

Personnel costs include all personnel-related expenses, including in particular the amount of employee profit-sharing for the financial year. These charges are recorded in the profit and loss account "General operating expenses" section.

Banque Delubac & Cie does not apply recommendation 2003-R-01 of the National Accounting Council (CNC) relating to the accounting treatment of pension commitments and similar benefits.

3.17 COST OF RISK

The content of the "Cost of risk" section includes the net allowances for reversals of impairments and losses on bad debts not covered by impairments, relating to client transactions. This item also records the net allocations of reversals of provisions for risks and charges.

3.18 TAX ON EARNINGS

The tax on earnings (expense or income) includes the current tax expense or income. The tax is recognised in profit or loss unless it relates to items which are recognised directly in equity; in which case it is recognised in equity.

Banque Delubac & Cie does not recognise deferred taxes in respect of temporary differences between the book values of assets and liabilities on the balance sheet and their respective tax values. These differences have an impact on the tax expense or income for the financial year and on current and future income tax on earnings.

The tax payable is the estimated amount of tax due on the taxable profit for a period, determined using the tax rates that have been adopted or almost adopted at the balance sheet date, and any adjustment to the amount of the tax payable for previous periods.

Long-term capital gains on equity interests in companies with a preponderance of real estate assets are taxed at the standard rate, while capital gains on other equity interests held for more than two years are tax-exempt, subject to a share for costs and expenses of 12% of the net capital gains for the year. In addition, under the parent company and subsidiary regime, dividends received from companies in which the shareholding is at least 5% are exempt except for a share for costs and expenses equal to 5% of the dividends paid.

Since 1 January 2012, a tax consolidation group has been formed with the Company and its subsidiaries Delubac Asset Management, Astorg Immobilier, Compagnie Foncière du Confluent and Haussmann Recouvrement.

The tax consolidation agreement provides that the losses of the subsidiaries from which Banque Delubac & Cie benefits are definitively acquired by it.

3.19 NET EARNINGS PER SHARE

Net earnings per share is calculated by dividing the net income for the year attributable to the Company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (see Note 40 "Net earnings per share").

2. Additional information

NOTE 4. WORKFORCE

The tables below summarise the “Full-time equivalent” headcount of Banque Delubac & Cie:

Contrats	2019	2018
Le Cheylard	73.1	72.8
Paris	92.0	89.2
Lyon	7.5	5.1
Toulouse	3.3	4.1
Open-ended contracts	*175.9*	*171.2*
Le Cheylard	8.0	14.2
Paris	13.0	12.0
Fixed-term contracts	*21.0*	*26.2*
Temporary workers in peak activity periods	*5.1*	*2.2*
Total “FTE” workforce	**202.0**	**199.6**

Statuts	2019	2018
Le Cheylard	4.0	4.1
Paris	15.0	14.8
Toulouse	1.0	1.0
Managerial executives	*20.0*	*19.9*
Le Cheylard	21.0	20.1
Paris	46.0	38.4
Lyon	3.5	2.9
Toulouse	1.0	1.0
Executives	*71.5*	*62.4*
Le Cheylard	*56.1*	62.9
Paris	*44.0*	47.9
Lyon	*4.0*	2.2
Toulouse	*1.3*	2.1
Banking technicians	*105.4*	*115.1*
Temporary workers in peak activity periods	*5.1*	*2.2*
Total “FTE” workforce	**202.0**	**199.6**

NOTE 5. EXECUTIVE COMPENSATION

5.1 MANAGING GENERAL PARTNERS

In accordance with Article 17 of the articles of association of Banque Delubac & Cie, the remuneration of Managing General Partners results from the addition of remuneration in respect of their mandate as Statutory Manager on the one hand, and their capacity as General Partner on the other hand.

For the 2019 and 2018 financial years, the compensation paid was as follows (in thousands of euros):

Managing General Partners	Position	2019 compensations	2018 compensations
Serge Bialkiewicz	Senior Managing Partner	139	139
Jean-Michel Samuel-Delubac	Managing Partner	111	111
Joël-Alexis Bialkiewicz	Managing Partner	124	124
Caisse de Compensation Locative	Managing Partner	11	11
Compensation for their mandate as Statutory Manager		*385*	*385*
Serge Bialkiewicz	General Partner	346	346
Jean-Michel Samuel-Delubac	General Partner	263	263
Joël-Alexis Bialkiewicz	General Partner	97	97
Caisse de Compensation Locative	General Partner	33	33
Société Privée de Participations Patrimoniale	General Partner	33	33
Mrs Madeleine Samuel	General Partner	30	30
Mrs Jennifer Docquet	General Partner	30	30
Compensation for their capacity as General Partner		*832*	*832*
Compensation for their capacity as Managing General Partner(s)		**1,217**	**1,217**

In accordance with the statutory provisions, Banque Delubac & Cie pays the social security contributions attached to these compensations.

In 2019 and 2018, no other compensation was paid to the Managing General Partners in the form of attendance fees or payment in equity instruments.

5.2 SUPERVISORY BOARD MEMBERS

The compensation of the members of the Supervisory Board is set each year by decision of the Ordinary General Meeting. For each of the 2019 and 2018 financial years, the compensation paid was as follows:

Supervisory Board members	Full remuneration
Attendance fees	12
Remuneration of the 2019 Supervisory Board members	**12**

Supervisory Board members	Full remuneration
Attendance fees	12
Remuneration of the 2018 Supervisory Board members	**12**

3. Notes to the balance sheet

NOTE 6. CASH REGISTER, CENTRAL BANKS (ASSETS)

	31-12-2019	31-12-2018
Cash register	1,206	984
Central banks	340,470	100,593
Cash register, Central Banks (assets)	**341,676**	**101,577**

NOTE 7. CLAIMS ON CREDIT INSTITUTIONS

	31-12-2019	31-12-2018
Ordinary accounts receivable	135,604	26,853
Accounts and Loans	298	31,782
Related receivables	20	237
Claims on credit institutions	**135,922**	**58,872**

NOTE 8. CLIENT TRANSACTIONS (ASSETS)

	31-12-2019	31-12-2018
Discount and similar transactions	4,123	5,802
Dailly Act	19,724	24,747
Trade receivables	**23,847**	**30,549**
Receivables taken out in factoring	**30,088**	**31,549**
Ordinary accounts receivable	**42,311**	**34,870**
Deferred reimbursements related to the use of credit cards	146	181
Cash loans	12,380	10,376
Equipment loans	528	473
Housing loans	16,141	15,644
Other credits (1)	94,358	98,023
Other client assistance	**123,553**	**124,697**
Doubtful debt depreciation	**(18,870)**	**(13,008)**
Transactions with clients (assets)	**200,929**	**208,657**

(1) With regard to the two financial years presented, this item includes a loan of 60 million euros granted to the subsidiary Compagnie Foncière du Confluent to finance the Paris offices of Banque Delubac & Cie and the administrative headquarters of Le Cheylard.

	31-12-2019	31-12-2018
Trade receivables (1)	19,542	19,788
Ordinary accounts receivable (1)	11,954	14,701
Other client assistance (1)	1,015	3,361
Doubtful debts	**32,511**	**37,850**
Doubtful debt's depreciation rate	**58.04%**	**34.37%**

(1) With regard to the item relating to doubtful debts, all doubtful debts and non-performing debts, whether or not these debts are impaired for proven credit risk, have been grouped in the accounts for the 2019 and 2018 financial years. Previously, only impaired receivables were presented as doubtful debts. These reclassifications therefore have no impact on the assessment of the level of depreciation of these receivables.

	31-12-2019	31-12-2018
Depreciation at the start of the financial year	(13,008)	(7,492)
Allocations through the profit and loss account	(7,361)	(5,049)
Allocations by the Mutual Guarantee Fund	-	(1,467)
Uses of depreciation	1,801	279
Reversals through the profit and loss account	34	274
Reversals through the Mutual Guarantee Fund	-	487
Allocations charged to net banking income (1)	(336)	(40)
Doubtful debt depreciation	**(18,870)**	**(13,008)**

(1) Refers to interest accrued on doubtful debts recognised in net banking income and cancelled by provisions at the same level in the profit and loss account.

NOTE 9. BONDS AND OTHER FIXED-INCOME SECURITIES

This section also includes securities with variable interest rate when the variation stipulated during the ‘issue depends on a parameter determined by reference to the rates charged, on certain dates or during certain periods, on a market such as the interbank market, the bond market or the Euro-market.

	31-12-2019	31-12-2018
Bonds (1)	37,030	355,679
Premiums and discounts on bonds	-	(100)
Depreciation of investment securities	(79)	(79)
Investment securities	**36,951**	**355,500**
Bonds and other fixed-income securities	**36,951**	**355,500**

(1) See Note 2 on the sale of the bond portfolio.

NOTE 10. EQUITIES AND OTHER VARIABLE-INCOME SECURITIES

	31-12-2019	31-12-2018
UCITS	10,129	5,628
Depreciation of UCITS (1)	-	(1,266)
Marketable securities	**10,129**	**4,362**
Equities and other variable-income securities	**10,129**	**4,362**

(1) The shares of the Delubac Pricing Power mutual fund were written down in 2018 to the amount of (1,259,000) euros corresponding to the unrealised losses on this fund at the end of this financial year.

NOTE 11. SHAREHOLDINGS AND OTHER LONG-TERM SECURITIES

	31-12-2019	31-12-2018
MCA Finance (3)	-	2,143
FST SAS	799	799
Mars Occidentale (1)	229	229
FGDR Cash Association Certificate	331	233
FST Holding (2)	190	190
GIE UGP	96	96
Delta AM	74	74
Delubac Schor Bialkiewicz	17	17
GIE Actions	16	16
SEFI	3	3
ANSERIS (4)	250	-
Mars Occidentale shareholding depreciation (1)	(229)	(229)
Shareholdings and other long-term securities	**1,776**	**3,571**

(1) Minority stake in this public limited company whose shares are fully depreciated.
(2) Inventory values were determined using the Discounted Cash Flow method, assuming a discount rate of 12.0% and a perpetual growth rate of 1.0%.
(3) On 28 March 2019, the stake held in MCA Finance was sold for the sum of 3,869,000 euros, generating a capital gain of 1,723,000 euros.
(4) Acquisition of a 16.67% stake in the capital of this company in 2019, a group of Wealth Management Consultants (CGP).

NOTE 12. SHARES IN AFFILIATED COMPANIES

	31-12-2019	31-12-2018
Compagnie Foncière du Confluent	15,000	15,000
FFLE	11,407	11,407
Delubac Asset Management (1)	7,380	7,380
Haussmann Recouvrement (1)	1,000	1,000
Astorg Immobilier	132	132
Shares in affiliated companies	**34,919**	**34,919**

(1) Their inventory values were determined using the DCF method, assuming a discount rate of 12.0% and a perpetual growth rate of 1.0%.
Note 43 on “Subsidiaries and shareholdings” provides a number of elements on these companies.

NOTE 13. INTANGIBLE FIXED ASSETS

Intangible fixed assets	31-12-2019	31-12-2018
Patents, licenses, software	7,911	13,139
Lease rights, business assets	200	200
Other intangible fixed assets	27	27
Intangible fixed assets under construction	557	1,085
Amortisation of patents, licenses, software	(4,900)	(8,779)
Amortisation of business assets	(80)	(60)
Gross values at the end of the financial year	**8,695**	**14,451**
Amortisation at the end of the financial year	**(4,980)**	**(8,839)**
Net values at the end of the financial year	**3,715**	**5,612**

Change in intangible fixed assets	31-12-2019	31-12-2018
Gross values at the start of the financial year	14,451	13,164
Acquisitions (1)	212	1,656
Sales/Disposals (2)	(5,968)	(369)
Gross values at the end of the financial year	**8,695**	**14,451**
Depreciation at the start of the financial year	(8,839)	(8,060)
Allocations for the financial year	(1,573)	(779)
Carry forward for the financial year (2)	5,432	-
Depreciation at the end of the financial year	**(4,980)**	**(8,839)**
Net values at the end of the financial year	**3,715**	**5,612**

(1) In 2018, mainly relates to investment expenditure linked to developments associated with to “Digital Banking” projects and to improving the internal rating of receivables held by clients.

(2) In 2019, mainly relates to the release of V.Bank developments.

NOTE 14. ANGIBLE FIXED ASSETS

Tangible fixed assets	31-12-2019	31-12-2018
Land	104	104
Buildings	522	1,730
Fittings	2,929	1,250
Other tangible fixed assets	6,839	6,773
Tangible fixed assets under construction	91	76
Depreciation of constructions	(165)	(1,160)
Depreciation of fittings	(1,978)	(699)
Depreciation of other tangible fixed assets	(5,265)	(4,893)
Gross values at the end of the financial year	**10,485**	**9,933**
Depreciation at the end of the financial year	**(7,408)**	**(6,752)**
Net values at the end of the financial year	**3,077**	**3,181**

Change in tangible fixed assets	31-12-2019	31-12-2018
Gross values at the start of the financial year	9,933	9,124
Acquisitions	589	1,220
Sales/Disposals (1)	(37)	(411)
Gross values at the end of the financial year	**10,485**	**9,933**
Depreciation at the start of the financial year	(6,752)	(6,217)
Allocations for the financial year	(670)	(629)
Carry forward for the financial year (1)	14	94
Depreciation at the end of the financial year	**(7,408)**	**(6,752)**
Net values at the end of the financial year	**3,077**	**3,181**

(1) In the 2018 financial year, this mainly concerned the disposal of IT equipment.

NOTE 15. UNCALLED SUBSCRIBED CAPITAL

A reserved capital increase was subscribed by Cheylaroise de Participation on 6 May 2010.

CAPITAL INCREASE	545,000 EUROS	(4 euros per share)
ISSUANCE PREMIUMS	953,000 EUROS	(7 euros per share)

That is an unpaid subscribed capital of 1,498,000 euros (eleven euros per share) at the end of the 2018 financial year. The capital of the 136,160 shares was released on 24 December 2019.

NOTE 16. OTHER ASSETS

	31-12-2019	31-12-2018
Deposits and guarantees posted	1,503	2,650
Value added tax	185	235
Corporate tax claim	542	741
Funds in the process of being set up	138	133
Subsidiary current accounts (1)	5,404	4,487
Security deposits/Futures	477	223
Real estate leasing transactions (2)	122	177
Security deposits/FGD contributions	470	443
Various receivables	808	925
Other stocks and similar	75	84
Other assets	**9,724**	**10,098**

(1) Consisting exclusively of the share in the results of the FFLE subsidiary.

	31-12-2019	31-12-2018
Fixed assets/Real estate leasing	678	678
Depreciation/Fixed assets/Real estate leasing	(556)	(501)
Doubtful debt of real estate leasing	-	-
Depreciations/Doubtful debt of real estate leasing	-	-
Real estate leasing transactions	**122**	**177**

NOTE 17. PREPAYMENTS AND ACCRUED INCOME (ASSETS)

	31-12-2019	31-12-2018
Unavailable accounts/Collection transactions	370	121
Accrued income and prepaid expenses	344	280
Prepaid or recognised expenses	1,694	937
Income to receive	849	1,547
Values to be rejected - Bills and cheques	2,785	3,860
Income to be received/Doubtful contributors	525	532
Provisions/Income to be received/Doubtful contributors	(404)	(296)
Prepayments and accrued income (assets)	**6,163**	**6,981**

NOTE 18. CENTRAL BANKS (LIABILITIES)

	31-12-2019	31-12-2018
Central banks (1)	-	50,000
Central banks (liabilities)	**-**	**50,000**

(1) Banque Delubac & Cie participates in the ECB tenders put in place since March 2010. Loans granted to the Bank have been paid at a fixed rate of 0.0% since 16 March 2016. There are no outstandings at the end of 2019.9.

NOTE 19. AMOUNTS OWED TO CREDIT INSTITUTIONS

	31-12-2019	31-12-2018
Ordinary accounts payable	23	733
Term accounts	-	-
Related debts	428	353
Amounts owed to credit institutions	**451**	**1,086**

NOTE 20. CLIENT TRANSACTIONS (LIABILITIES)

	31-12-2019	31-12-2018
Demand accounts	23,658	29,086
Term accounts	2,642	1,867
Special scheme savings accounts	**26,300**	**30,953**
Demand accounts	632,465	623,567
Term accounts	2,150	3,813
Factoring accounts	31,360	25,339
Other debts	**665,975**	**652,719**
Transactions with clients (liabilities)	**692,275**	**683,672**

NOTE 21. OTHER LIABILITIES

	31-12-2019	31-12-2018
Attachment/Oppositions/third party holder notice	2,560	2,801
Miscellaneous creditors (1)	16,053	5,949
Other liabilities	**18,613**	**8,750**

(1) Taxes payable, liabilities to personnel and other social liabilities	11,702	2,307
Suppliers and related accounts	4,313	827
Other debts	38	2,815

The evolution of the taxes payable, liabilities to personnel and other social liabilities is mainly due to the tax on profits for the financial year 2019 (6,454,000 euros) and the participation of employees (2,766,000).

The decrease in other liabilities is mainly due to the settlement of Time Savings Accounts existing at the previous year-end.

NOTE 22. ACCRUALS AND DEFERRED INCOME (LIABILITIES)

	31-12-2019	31-12-2018
Unavailable accounts/Collection transactions	824	1,020
Fees to pay	2,863	2,837
Accruals and deferred income	2,168	3,719
Deferred income	306	655
Accruals and deferred income (liabilities)	**6,161**	**8,231**

NOTE 23. PROVISIONS

	31-12-2019	31-12-2018
Provisions at the start of the financial year	1,248	390
Allocations for the financial year	604	858
Carry forward for the financial year	(77)	-
Provisions	**1,775**	**1,248**

	31-12-2019	31-12-2018
Tax provisions (1)	-	-
Provisions for other risks and charges (2)	1,775	1,248
Provisions	**1,775**	**1,248**

(1) Allocated and reversed by “Extraordinary income”
(2) Allocated and reversed by the “Cost of Risk”

Details of the main provisions for other risks and charges

Contributors commission	57	57
Insurance deductibles/Litigation	470	470
Labour dispute	71	109
Other commercial disputes	1,050	605

Litigation and legal action

Litigation provisioning decisions are taken collectively and after full analysis within the framework of a quarterly committee comprising the Management Board, the Director of Legal Affairs, the Risk Director, the Litigation Director and the Chief Financial Officer.

The Company is involved in certain legal actions resulting from the normal conduct of its business. Banque Delubac & Cie considers that its defence is adequate and that the consequences of these disputes will not have a significant effect on its corporate financial statements or its results, although it is however not possible to give any assurance on the final outcome of these disputes.

NOTE 24. FUND FOR GENERAL BANKING RISKS

In accordance with Article 3 of the Banking and Financial Regulatory Committee (CRBF) regulation no. 90-02 (see Note 3.13), it was decided to allocate 12 million euros to the fund for general banking risks.

NOTE 25. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (EXCLUDING FGBR)

(In thousands of euros)	Capital	Reserves and carried forward	Earnings	Regulated provisions	Total
Shareholders' equity at 31 December 2017	**11,696**	**34,514**	**(1,856)**	**843**	**45,197**
Earnings for the 2018 financial year	-	-	(3,340)	-	(3,340)
Regulated provisions	-	-	-	(16)	(16)
Mutual guarantee fund	-	-	-	-	-
Allocation of earnings for the 2017 financial year	-	(1,856)	1,856	-	-
Shareholders' equity at 31 December 2018	**11,696**	**32,658**	**(3,340)**	**827**	**41,841**
Earnings for the 2019 financial year	-	-	12,141	-	12,141
Regulated provisions	-	-	-	(277)	(277)
Mutual guarantee fund	-	-	-	-	-
Allocation of earnings for the 2018 financial year	-	(3,340)	3,340	-	-
Shareholders' equity at 31 December 2019	**11,696**	**29,318**	**12,141**	**550**	**53,705**

SUBSCRIBED CAPITAL AND ISSUANCE PREMIUMS

	Number	Unit value (euros)	Amount (in thousands of euros)
Number of shares issued as of 31 December 2017	**2,923,944**	**4.00**	**11,696**
Transactions in the 2018 financial year	-	-	-
Number of shares issued as of 31 December 2018	**2,923,944**	**4.00**	**11,696**
Transactions in the 2019 financial year	-	-	-
Number of shares issued as of 31 December 2019	**2,923,944**	**4.00**	**11,696**

N.B. A reserved capital increase was subscribed by Cheylaroise de Participation on 6 May 2010. The capital was paid up on 24 December 2019.

Unchanged share capital compared to 31 December 2018.

At December 31, 2019, the share capital of Banque Delubac & Cie was broken down as follows:

	Number of shares	%
Cheylaroise de Participation	1,197,603	40.96
Sky Gift	584,836	20.00
Interhold	584,792	20.00
Caisse de Compensation Locative	200,256	6.85
Mr Jean-Michel Samuel-Delubac	168,901	5.78
Mrs Madeleine Samuel	110,379	3.78
Mrs Jennifer Docquet	60,058	2.05
Mr Albert Chassagnon	14,032	0.48
Mr Jean Samuel	2,844	0.10
Other natural and legal persons (1)	243	For the record
Total	**2,923,944**	**100.00**

(1) Including a share held by Société Privée de Participations Patrimoniale (statutory general partner).

Dividends paid

No dividend was paid in 2019 for the 2018 financial year. No dividend was paid in 2018 for the 2017 financial year. A dividend of 100,000 euros was paid in 2017 for the 2016 financial year.

4. Notes to the profit and loss account

NOTE 26. INTEREST RECEIVABLES AND SIMILAR INCOME

	2019	2018
Transactions with credit institutions	669	638
Securities transactions (1)	4,588	4,798
Client transactions	5,712	5,679
Interest receivable and similar income	**10,969**	**11,115**

(1) Interest income on bonds	4 355	4 958
Discount spreading	570	454
Premium spreading	(337)	(614)

NOTE 27. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
Transactions with credit institutions	(684)	(81)
Client transactions	(177)	(233)
Interest payable and similar expenses	**(861)**	**(314)**

NOTE 28. INCOME FROM VARIABLE-INCOME SECURITIES

	2019	2018
Dividends and similar income	917	4,227
Income from variable-income securities	**917**	**4,227**

MCA Finance	-	126
Share of FFLE's results	917	4,101

N.B. In the event of a loss, the share of FFLE's result is an expense presented under “Other banking operating expenses”.

NOTE 29. COMMISSION INCOME AND EXPENSES

	2019	2018
Transactions with credit institutions	18	12
Client transactions	18,109	17,207
Securities transactions	1,076	1,334
Financing and guarantee commitments	592	629
Services	737	805
Income on means of payment	1,605	1,814
Commissions (income)	**22,137**	**21,801**
Transactions with credit institutions	(398)	(448)
Services (1)	(3,112)	(672)
Foreign exchange and arbitrage transactions	(5)	-
Commissions (expenses)	**(3,515)**	**(1,120)**

(1) Since 2019, fees relating to bank card transactions are classified under this section. They were previously recorded under “General operating expenses”.

NOTE 30. GAINS OR (LOSSES) ON TRADING PORTFOLIO TRANSACTIONS

	2019	2018
Gains on trading securities	136	-
Depreciation of trading securities	-	-
Gains or (losses) on trading portfolio transactions	**136**	**-**

NOTE 31.GAINS OR (LOSSES) ON TRANSACTIONS IN INVESTMENT PORTFOLIOS AND SIMILAR INSTRUMENTS

	2019	2018
Income from marketable securities (1)	997	6,435
Expenses on marketable securities	(2,219)	(2,903)
Depreciation of marketable securities	-	(1,260)
Carry forward of depreciation of marketable securities	1,265	-
Gains or (losses) on transactions in investment portfolios and similar instruments	**43**	**2,272**

(1) Including 5,709 capital gains from the sale of bonds in the 2018 financial year

NOTE 32. OTHER BANKING OPERATING INCOME AND EXPENSES

	2019	2018
Miscellaneous banking income	963	1,008
Lease/Simple rental	90	101
Other miscellaneous operating income	2	1
Other banking operating income	**1,055**	**1,110**
Retroceded income (1)	(1,401)	(1,714)
Lease/Simple rental	(91)	(88)
Miscellaneous banking operating charges	(191)	(108)
Other miscellaneous operating expenses	(116)	(118)
Other banking operating expenses	**(1,799)**	**(2,028)**

(1) The retroceded income corresponds to the remuneration referral agents for the “Savings management” activity.

	2019	2018
Interest receivable and similar income	90	101
Interest payable and similar expenses	(91)	(88)
Real estate leasing transactions and similar transactions	**(1)**	**13**

NOTE 33. GENERAL OPERATING EXPENSES

	2019	2018
Personnel (see details below)	(20,667)	(15,294)
Taxes	(579)	(766)
External services	(18,328)	(14,521)
Charges re-invoiced to Group companies (1)	159	306
General operating expenses	**(39,415)**	**(30,275)**

(1) Personnel costs and services re-invoiced to the Delubac Asset Management and Haussmann Recouvrement subsidiaries.

	2019	2018
Compensations	(11,682)	(9,796)
Social contributions on remuneration	(5,016)	(4,558)
Taxes on remuneration	(1,057)	(940)
Employee profit-sharing (1)	(146)	-
Employee participation (2)	(2,766)	-
Personnel	**(20,667)**	**(15,294)**

(1) The profit-sharing bonus is equal to 10% of the current consolidated income before tax and profit-sharing of the Delubac Group Economic and Social Union formed by Banque Delubac & Cie and its subsidiaries, with the exception of FFLE. This amount is reduced by the sums paid for participation and limited to 20% of the total gross annual salaries paid to beneficiary staff - Agreement of 4 December 2014.
At the end of the 2018 financial year, the calculation bases were negative.

(2) The special participation reserve is determined on the basis of the compulsory legal formula, from the consolidated bases of the Delubac Group Economic and Social Union formed by Banque Delubac & Cie and its subsidiaries, with the exception of FFLE (50% x (tax profit after deduction of corporate tax - 5% of equity excluding profit for the financial year) x Salaries / Value added) - Agreement of 19 December 2013 modified by amendment of 14 January 2014.
At the end of the 2018 financial year, the amount of return on equity was higher than that of tax profit after deduction of corporate tax.

NOTE 34. DEPRECIATION AND AMORTISATION OF INTANGIBLE AND TANGIBLE FIXED ASSETS

	2019	2018
Intangible fixed assets (1)	(1,573)	(778)
Tangible fixed assets	(670)	(628)
Depreciation and amortisation of intangible and tangible fixed assets	**(2,243)**	**(1,406)**

(1) Increase due to change in the amortisation period of intangible assets.

N.B. Reversals of depreciation corresponding to items disposed of are recorded in extraordinary income.

NOTE 35. COST OF RISK

	2019	2018
Client transactions	(7,433)	(4,775)
Net allocations/reversals of depreciations	**(7,433)**	**(4,775)**
Losses covered by depreciation (3)	-	-
Losses not covered by depreciation	(1,381)	(1,662)
Losses on bad debts	**(1,381)**	**(1,662)**
Fees/Insurance (1)	**-**	**(953)**
Net allocations/reversals of allocations (2)	**(527)**	**(858)**
Cost of risk	**(9,341)**	**(8,248)**

(1) Since 1 January 2013, the advisory fees incurred in connection with debt recovery and not recovered from debtors are included in this section. The same applies to credit insurance taken out by Banque Delubac & Cie. As of 31 December 2019, it was decided to reclassify these charges in the “General operating expenses”.

(2) These movements relate to provisions for risks and charges (see Note 23 on “Provisions”).

(3) Since 1 January 2017, these amounts are charged directly to the amount of the depreciation balance sheet and no longer pass through the profit and loss account (see Note 8 on “Client transactions”).

NOTE 36. GAINS OR (LOSSES) ON FIXED ASSETS

	2019	2018
Capital gains on the sale of equity securities (1)	1,726	-
Carry forward of depreciation of equity securities	-	-
Capital losses on the sale of equity securities	-	-
Income from the sale of equity securities	**1,726**	**-**
Income from the sale of financial assets (2)	**50,449**	**-**
Gains or (losses) on fixed assets	**52,175**	**-**

(1) Sale of MCA Finance securities (see Note 2).
(2) Sale of the bond portfolio (see Note 2).

NOTE 37. EXCEPTIONAL PROFIT

	2019	2018
Monext prepayments and accrued income	85	-
Other income	160	-
Exceptional income	**245**	**-**
Reminder of rental charges 2017/Parisian rents	-	(490)
2018 RTO mandate – Delubac Asset Management	(146)	-
Other expenses	(39)	-
Exceptional expenses	**(185)**	**(490)**
Exceptional profit	**60**	**(490)**

NOTE 38. TAX ON EARNINGS

	2019	2018
Income (expense) net of tax at the common rate before tax consolidation	-	-
Income (expense) net of tax at other rates before tax consolidation	-	-
Tax consolidation income (expenses)	(6,454)	-
Tax on earnings	**(6,454)**	**-**

Since 1 January 2012, Banque Delubac & Cie has formed a tax consolidation scope with some of its subsidiaries:

- Delubac Asset Management
- Astorg Immobilier
- Compagnie Foncière du Confluent
- Haussmann Recouvrement

The tax consolidation agreement provides that the losses of the subsidiaries from which Banque Delubac & Cie benefits are definitively acquired by it.

NOTE 39. FGBR ALLOCATIONS/CARRIED FORWARD AND REGULATED PROVISIONS

	2019	2018
Allocations/carried forward of special amortisation	277	16
Allocations/FGBR carried forward	(12,000)	-
FGBR and regulated provisions allocations/carried forward	**(11,723)**	**16**

Provisions for exceptional amortisation reflect the difference between depreciation calculated between the actual period of use and their period of use in the fiscal sense of the term. The fixed assets concerned by the exemption are fixed assets that cannot be broken down as well as the structure of buildings that do not meet the definition of investment property.

The acquisition costs of equity investments are also subject to exceptional depreciation, recognised in the fixed amount of the securities, which is by definition non-depreciable. For tax purposed, these costs are deducted through exceptional depreciation over a period of five years.

NOTE 40. NET EARNINGS PER SHARE

	2019	2018
Weighted average number of shares outstanding (1)	2,787,784	2,787,784
Number of potentially dilutive shares	-	-
Weighted average number of shares after dilution	2,787,784	2,787,784
Net earnings (in thousands of euros)	12,141	(3,340)
Net earnings per share (euros)	**4.36**	**(1.20)**

At the end of the 2019 and 2018 financial years, there were no ordinary potentially dilutive shares.

(1) The shares subscribed on 6 May 2010 (see Note 15 on “Subscribed capital and issuance premiums”) are not taken into account in the calculation of the net income per share, having been paid up on 24 December 2019 (insignificant impact on the weighted average number of shares).

5. Other explanatory notes

NOTE 41. OFF-BALANCE SHEET COMMITMENTS

41.1 GIVEN COMMITMENTS

	31-12-2019	31-12-2018
In favour of credit institutions (1)	-	326,154
In favour of clients	31,110	24,276
Funding commitments	**31,110**	**350,430**
Foreign currency transactions	48	-
Client order	12,917	10,024
Guarantee commitments	**12,965**	**10,024**
Interest rate instrument transactions	8,314	3,796
Security-based commitments	**8,314**	**3,796**

(1) Bonds eligible by the ECB used as collateral in the framework of advances granted by the Central Bank (see Note 18 on "Central banks").

41.2 RECEIVED COMMITMENTS

	31-12-2019	31-12-2018
From credit institutions	-	-
From clients	-	-
Funding commitments	**-**	**-**
From credit institutions	-	-
From clients	142	91
Guarantees received	-	-
Guarantee commitments	**142**	**91**

NOTE 42. CORPORATE COMMITMENTS

	31-12-2019	31-12-2018
Discount rate	0.62%	0.97%
Terms of departure (1)	60 to 67 years old	60 to 67 years old
Wage growth rate	From 1 to 3%	From 1 to 3%
Payroll tax rate	60%	60%
Staff turnover rate	From 0.5 to 2%	From 0.5 to 2%
Net payment expense for the financial year	(23)	(19)
Actuarial differences (2)	(867)	(899)
Personnel benefits at the end of the financial year	**747**	**691**

As of 2015, the terms of voluntary departure were determined based on the year of birth and the number of quarters required. They were previously determined based on retirement at the age of 65.

The INSEE life table (TD-TV 14-16) was used to carry out the assessment of commitment for the 2019 financial year and the INSEE life table (TD-TV 13-15) was used to assess the commitment for the 2018 financial year.

Banque Delubac & Cie has no assets to cover its commitments to personnel for post-employment benefits.

(1) Depending on the year of birth and the number of quarters required

(2) Actuarial differences correspond to adjustments to the provision for retirement benefits induced by changes in actuarial assumptions used from one year to the next:

- endogenous assumptions (staff career profile, turnover, retirement age);
- exogenous hypotheses (update of the life table, evolution of the discount rate).

Actuarial differences at the 2019 closing result from the following variations:

- Update of the discount rate
- Effects of experience

NOTE 43. INFORMATION ON SUBSIDIARIES AND SHAREHOLDINGS

1. DETAILED INFORMATION ON HOLDINGS WHOSE INVENTORY VALUE EXCEEDS 1% OF THE CAPITAL OF BANQUE DELUBAC & CIE

a) Subsidiaries (at least 50% of the capital held)

	Cie Foncière du Confluent	Haussmann Recouvrement	Delubac Asset Management
Capital	15,110	470	1,006
Reserves	(8,446)	(44)	2,990
Share of in the capital	99.27%	100.00%	100.00%
Inventory value	15,000	1,000	7,380
Loans and advances granted	60,000	-	-
Guarantees and endorsement provided	-	-	-
Last result	(1,635)	(198)	15
Dividends paid	-	-	-

b) Subsidiaries (10% to less than 50% of the capital held)

	FFLE	FST SAS (1)	FST Holding (1)
Capital	1	803	114
Reserves	-	(318)	424
Share of in the capital	45.00%	23.66%	14.99%
Inventory value	11,407	799	190
Loans and advances granted	-	312	-
Guarantees and endorsement provided	-	-	-
Last result	2,034	41	(11)
Dividends paid	-	-	-

(1) Figures for the 2018 financial year. Share in the capital and inventory value unchanged in 2019.

2. GLOBAL INFORMATION CONCERNING OTHER SUBSIDIARIES OR SHAREHOLDINGS

Inventory value: 919,000 euros

NOTE 44. STATUTORY AUDITORS' FEES

The fees excluding taxes invoiced by the Statutory Auditors are as follows (in thousands of euros):

	2019	2018
Hoche Audit	(182)	(173)
WNAP	(182)	(173)
Statutory Auditors' fees	**(364)**	**(346)**

These amounts relate to interventions, excluding reimbursement of expenses, by the Statutory Auditors on the corporate financial statements of Banque Delubac & Cie and the Group's consolidated financial statements.

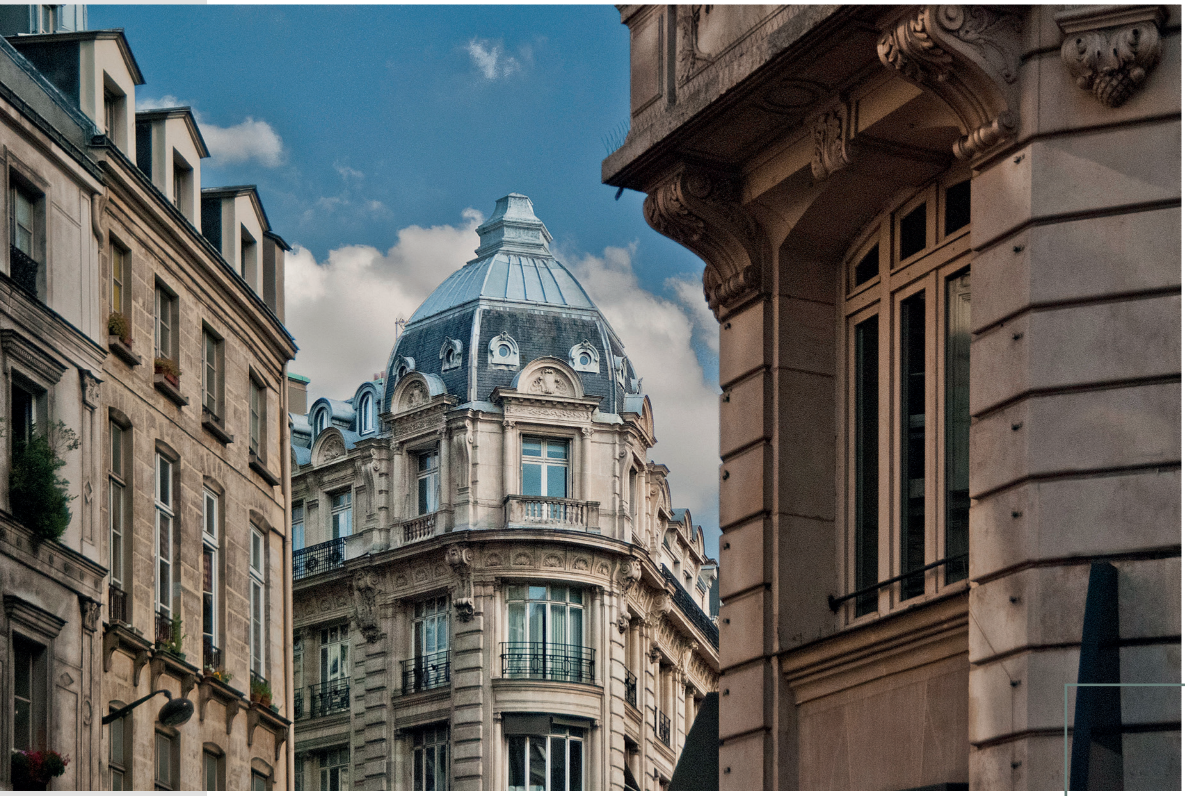
NOTE 45. TRANSACTIONS CARRIED OUT WITH RELATED PARTIES AND TRANSACTIONS NOT RECORDED ON THE BALANCE SHEET

There are no significant transactions not concluded under normal market conditions carried out by Banque Delubac & Cie with related parties during the 2018 and 2019 financial years.

In addition, during these periods, there are no transactions not recorded in the balance sheet, transactions or agreements between Banque Delubac & Cie and one or more other entities, even those unincorporated, which present significant risks and advantages for the Company not reflected in the balance sheet (or in off-balance sheet items) and whose knowledge is necessary for the assessment of the financial situation of the institution.

NOTE 46. EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

At the end of the 2019 financial year, there were no significant events after the financial year that should have resulted in a recording in the balance sheet, or in the profit and loss account, or in the notes appended thereto.



6 RESOLUTIONS SUBMITTED AT THE GENERAL MEETING OF 25 JUNE 2020

Resolutions
Under the conditions of the Ordinary General Meeting

First resolution

The General Meeting approves the summary of the proceedings of the previous annual General Meeting of 16 May 2019.

Second resolution

Having read the Management and the Supervisory Board reports, the General Meeting discharges the Management from its mandate for the 2019 financial year.

Third resolution

The General Meeting, after having understood the Management and Statutory Auditors reports on the annual financial statements for the 2019 financial year, approves the corporate financial statements as presented to it, showing a net profit of 12,141,114.27 euros.

Fourth resolution

The General Meeting, after having understood the Management report on the Group and the Statutory Auditors' report on the consolidated financial statements for the 2019 financial year, approves the consolidated financial statements as presented to it, showing a consolidated net profit - Group share of 8,730,000 euros.

Fifth resolution

The General Meeting decides to distribute the corporate profit for the financial year, plus the balance carried forward from the previous financial year of 17,820,563.73 euros, which constitutes a distributable total of 29,961,677.90 euros as follows:

Distribution of dividends	0 euros
Allocation to retained earnings of a sum of	29,961,677.90 euros
	29,961,677.90 euros

It should be noted that no distribution was decided for the 2018 and 2017 financial years and that a dividend amount of 100,000 euros was distributed for the 2016 financial year.

Sixth resolution

The shareholders' general meeting wishes to recall the essential obligation of loyalty which is imposed on everyone and that this obligation is violated, in particular, by unfounded denunciation that is obviously made with the sole intention to harm. Under these conditions, the partners ask the directors of the Bank to take all legal measures to ensure absolute compliance with this obligation, which is the basis of the social pact.

Seventh resolution

The General Meeting decides to grant the statutory managers an exceptional bonus of an amount equal to the annual amount of the part of their remuneration paid to them for their mandate as statutory manager, increased by 30,000 euros for Mr Joël-Alexis Bialkiewicz, 25,000 euros for Mr Serge Bialkiewicz, and 25,000 euros for Mr Jean-Michel Samuel-Delubac. This bonus will be paid immediately.

Eighth resolution

The General Meeting appoints Mrs Gretta SCHOR to the Supervisory Board. Her term of office will end at the General meeting which will approve the financial statements for the 2022 financial year.

Ninth resolution

The General Meeting allocates to the Supervisory Board, as attendance fees, an amount of 24,000 euros, of which the members of the Supervisory Board will decide among themselves the method of distribution.

Tenth resolution

The General Meeting, after having heard the Statutory Auditors special report on regulated agreements, approves the said agreements.

Eleventh resolution

All powers are given to the bearer of an original or a copy of these resolutions to carry out the filing and publication formalities provided for by law.

Resolutions
Under the conditions of the Extraordinary General Meeting

First resolution

The General Meeting decides that the automatic increase in the remuneration of managing partners which should have taken place in 2019 for the 2018 financial year and which has been postponed until the institution reaches a minimum solvency ratio of 12.5%, reached today, is definitively cancelled. As the increase did not occur, the consolidated GNP benchmark for future automatic increases will be the last year in which an automatic increase occurs.

Second resolution

All powers are given to the bearer of an original or a copy of these resolutions to carry out the filing and publication formalities provided for by law.

7 | STATUTORY AUDITORS' REPORT **ON THE CONSOLIDATED FINANCIAL** STATEMENTS FINANCIAL YEAR ENDED 31 DECEMBER 2019

At the General Meeting of Banque Delubac & Cie SCS,

1. Opinion

Pursuant to the mission entrusted to us by your general meeting, we have audited the consolidated financial statements of Banque Delubac & Cie SCS relating to the financial year ended 31 December 2019, as attached to this report.

We certify that the consolidated financial statements are, with regard to CRC regulation 99-07, a faithful presentation and give a true and fair image of the results for the past financial year as well as of the financial situation and of the assets of the group made up of the persons and entities included in the consolidation..

The opinion expressed above is consistent with the content of our report to the Financial statements committee.

2. Basis of opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the elements that we have collected are sufficient and appropriate to base our opinion.

The responsibilities incumbent on us under these standards are indicated in the section "Responsibilities of the statutory auditors relating to the audit of the consolidated financial statements" of this report.

Independence

We carried out our audit mission in compliance with the independence rules applicable to us, over the period from 1 January 2019 to the date of issue of our report, and in particular we did not provide services prohibited by Article 5, paragraph 1, of Regulation (EU) no. 537/2014 or by the Code of ethics of the profession of statutory auditor.

In addition, the services other than the certification of the financial statements that we provided during the year to your company and the entities it controls and which are not mentioned in the management report or the appendix to the consolidated financial statements are as follows:

Limited examination report on the consolidated financial statements of your company covering the period from 1 January 2019 to 30 September 2019.

Observations

Without calling into question the opinion expressed above, we draw your attention to the following notes in the appendix to the consolidated financial statements:

- *Note 4.3.2 Changes in estimates and application methods,* which sets out the change in estimate made during the financial year concerning the amortisation periods of certain intangible assets;
- *Note 4.3.3 Changes in presentation of balance sheet items and profit and loss account items* which presents the reclassifications made during the financial year in the presentation of the profit and loss account.

3. Justification of our assessments - Audit key point

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgement, were the most important for the audit of the consolidated financial statements, as well as our responses to these risks.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole and in forming our audit opinion expressed above. We do not express an opinion on individual elements of these consolidated financial statements..

Depreciation of loans and receivables on an individual basis

Identified risk

Your company establishes depreciations on an individual basis in order to cover proven credit losses on loans and receivables granted within the framework of its financing activities.

Determining the individual depreciation of doubtful debts requires a significant amount of judgement, in particular to identify the debts that should be subject to depreciation and to estimate the amount of depreciation to be recognised.

We considered that these depreciations were a key point of the audit insofar as they represent a significant estimation area for the preparation of the financial statements.

Audit procedures implemented in response to this risk

We have evaluated the design and tested the effectiveness of the key controls implemented by your company, in particular those related to:

- the identification of indicators of impairment (such as the existence of arrears) and the process of rating counterparties;
- the classification of exposures as doubtful debts;
- monitoring and valuation of guarantees;
- the determination of individual impairments of doubtful debts.

In addition, we carried out a review of loans and mobilisation of receivables consisting, on the basis of a sample of debtor clients selected on materiality and risk criteria, of:

- taking note of the latest information available on the situation of debtors or their counterpart by meeting with the heads of operational departments;
- performing a critical analysis of the estimates of provisions retained by the litigation committee and approved by Management, on the basis of the information made available to us by the institution;
- verifying the correct recording in the accounts of estimated depreciations;
- checking the information relating to the accounting rules and methods applicable in this area, provided in the appendix.

Classification and valuation of the securities portfolio

Identified risk

Your group holds various categories of securities on its balance sheet. Depending on their classification (trading securities, investment securities, marketable securities, equity securities, other long-term securities), different valuation rules are applied.

The valuation of the market value of these financial instruments is based on valuation techniques which involve a significant degree of judgement as to the choice of methodologies and data used.

We considered that the valuation of unlisted financial instruments on active markets was a key point of the audit because of the significance of the exposures and the use of judgement in determining their valuation.

Audit procedures implemented in response to this risk

We are aware of the valuation methods governing the valuation and recognition of financial instruments not listed on active markets.

Based on samples, we have:

- verified the correct accounting recording of the financial instruments held;
- assessed the approaches adopted by Management and carried out a critical analysis of the assumptions underlying the valuations;
- verified the correct recording in the accounts of the depreciation retained by the Management;
- verified the information relating to the accounting rules and methods applicable in this area, provided in the appendix.

4. Specific verifications

We have also carried out the specific verifications provided for by legal and regulatory texts on the information relating to the group, given in the Management's management report, in accordance with professional standards applicable in France.

We have nothing to report with respect to their fair presentation and their conformity with the consolidated financial statements.

5. Information resulting from other legal and regulatory obligations

Appointment of statutory auditors

We were appointed statutory auditors of Banque Delubac & Cie SCS by the general meeting of 22 May 2003 for HOCHE AUDIT and of 30 April 2015 for WNAP.

As of 31 December 2019, HOCHE AUDIT was in the 17th year of its uninterrupted assignment and WNAP in the 5th year.

Responsibilities of management and those in charge of corporate governance relating to the consolidated financial statements

It is the responsibility of Management to prepare consolidated financial statements presenting a true and fair view in accordance with CRC regulation n ° 99-07 as well as to implement the internal control that it considers necessary for the establishment of consolidated financial statements that do not contain material misstatements, whether these result from fraud or result from errors.

When drawing up the consolidated financial statements, it is the responsibility of Management to assess the company's ability to continue operating, to present in these financial statements, where applicable, the necessary information relating to the going concern and to apply the going concern accounting policy, unless the company is to be wound up or cease trading.

It is the responsibility of the Financial Statements Committee to monitor the process of preparing the financial information and to monitor the effectiveness of the internal control and risk management systems, as well as, where applicable, of the internal audit, with respect to the procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements have been drawn up by the Management.

6. Responsabilities of the statutory auditors relating to the audit of the consolidated financial statements

Audit objective and approach

It is our responsibility to draw up a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain any material misstatements. Reasonable assurance corresponds to a high level of assurance, without however guaranteeing that an audit carried out in accordance with professional standards will systematically detect any material misstatements. Misstatements may arise from fraud or result from errors and are considered material when it can be reasonably expected that they could, taken individually or in aggregate, influence the economic decisions that the users of the accounts make based on these misstatements.

As specified by Article L.823-10-1 of the French Commercial Code, our mission of certifying the accounts does not consist of guaranteeing the viability or the quality of the management of your company.

As part of an audit carried out in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout this audit.

In addition:

- it identifies and assesses the risks that the consolidated financial statements contain significant misstatements, whether these result from fraud or from errors, defines and implement audit procedures to deal with these risks, and gather information that it considers sufficient and appropriate on which to base its opinion. The risk of non-detection of a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, because fraud can involve collusion, falsification, intentional omissions, false declarations or bypassing internal control;
- it takes note of the internal control relevant to the audit in order to define the appropriate audit procedures in the circumstances, and not with the aim of expressing an opinion on the effectiveness of the internal control;
- it assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by the Management, as well as the information relating thereto provided in the consolidated financial statements; it assesses the appropriateness of management's application of the going concern accounting policy and, depending on the information collected, the existence or not of a significant uncertainty related to events or circumstances that could call into question the company's ability to continue as a going concern. This assessment is based on the information collected up to the date of its report, it being recalled, however, that subsequent circumstances or events could call into question the company's ability to continue as a going concern. If it concludes that there is a material uncertainty, it draws the attention of readers of its report to the information provided in the consolidated financial statements about this uncertainty or, if this information is not provided or is not relevant, it formulates a certification with reservation or a refusal to certify;
- it assesses the overall presentation of the consolidated financial statements and assesses whether the consolidated financial statements reflect the underlying transactions and events so as to give a true and fair view;
- concerning the financial information of the people or entities included in the scope of consolidation, it collects the information it considers sufficient and appropriate to express an opinion on the consolidated financial statements. It is responsible for the management, supervision and performance of the audit of the consolidated financial statements as well as the opinion expressed on these financial statements.

Report to the Financial Statements Committee

We submit a report to the Financial Statements Committee which presents in particular the scope of the audit work and the work programme implemented, as well as the conclusions arising from our work. We also bring to its attention, where applicable, the significant weaknesses in internal control that we have identified with regard to the procedures relating to the preparation and processing of accounting and financial information.

Among the items communicated in the report to the Financial Statements Committee are the risks of material misstatement that we consider to have been the most important for the audit of the consolidated financial statements for the year and which therefore constitute the key points of the audit, which it is our responsibility to describe in this report.

We also provide the Financial Statements Committee with the declaration provided for in Article 6 of Regulation (EU) no. 537-2014 confirming our independence, within the meaning of the rules applicable in France as they are laid down in particular by Articles L 822-10 to L. 822-14 of the French Commercial Code and in the Code of ethics of the profession of Statutory Auditor. If necessary, we discuss with the Financial Statements Committee the risks weighing on our independence and the safeguard measures applied.

Paris, 18 March 2020

The Statutory Auditors

SA HOCHE AUDIT
represented by Laurence ZERMATI

SAS WNAP
represented by William NAHUM

1. Opinion

Pursuant to the mission entrusted to us by your general meeting, we have audited the annual financial statements of Banque Delubac & Cie SCS relating to the financial year ended 31 December 2019, as attached to this report.

We certify that the annual financial statements are, with regard to French accounting rules and principles, a faithful presentation and give a true and fair image of the results of the past financial year as well as of the financial situation and the assets of the company at the end of this financial year.

The opinion expressed above is consistent with the content of our report to the Financial statements committee.

2. Basis of opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the elements that we have collected are sufficient and appropriate to base our opinion.

The responsibilities incumbent on us under these standards are indicated in the section "Responsibilities of the statutory auditors relating to the audit of the annual financial statements" of this report.

Independence

We carried out our audit investigation in compliance with the independence rules applicable to us, over the period from 1 January 2019 to the date of issue of our report, and in particular we did not provide services prohibited by Article 5, paragraph 1, of Regulation (EU) no. 537/2014 or by the Code of ethics of the profession of statutory auditor.

In addition, the services other than the certification of the financial statements that we provided during the year to your company and the entities it controls and which are not mentioned in the management report or the appendix to the annual financial statements are as follows:

Limited examination report on the consolidated financial statements of your company covering the period from 1 January 2019 to 30 September 2019.

Observations

Without calling into question the opinion expressed above, we draw your attention to the following notes in the appendix to the annual financial statements:

- Note 3.2.2 Changes in estimates and application methods which sets out the change in estimate made during the financial year concerning the amortisation periods of certain intangible assets;
- *Note 3.2.3 Changes in presentation of balance sheet items and profit and loss account items,* which presents the reclassifications made during the financial year in the presentation of the profit and loss account.

3. Justification of our assessments - Audit key points

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgement, were the most important for the audit of the annual financial statements, as well as our responses to these risks.

These assessments were made in the context of our audit of the annual financial statements taken as a whole and in forming our audit opinion expressed above. We do not express an opinion on individual elements of these annual financial statements.

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We considered that these depreciations were a key point of the audit insofar as they represent a significant estimation area for the preparation of the financial statements.

Audit procedures implemented in response to this risk

We have evaluated the design and tested the effectiveness of the key controls implemented by your company, in particular those related to:

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In addition, we carried out a review of loans and mobilisation of receivables consisting, on the basis of a sample of debtor clients selected on materiality and risk criteria, of:

- taking note of the latest information available on the situation of debtors or their counterpart by meeting with the heads of operational departments;
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- verified the correct recording in the accounts of the depreciation retained by the Management;
- verified the information relating to the accounting rules and methods applicable in this area, provided in the appendix.

4. Specific verifications

We have also carried out the specific verifications provided for by legal and regulatory texts, in accordance with professional standards applicable in France.

Information given in the management report and in the other documents on the financial situation and the annual financial statements sent to the partners

We have nothing to report with respect to the fair presentation and the conformity with the financial statements of the information given in the management report of the Management and in the other documents on the financial position and the financial statements addressed to the partners, with the exception of the point below.

The fair presentation and the conformity with the financial statements of the information relating to the payment periods mentioned in Article D.441-4 of the French Commercial Code call for the following observation: we were unable to ascertain whether the information in the table of payment deadlines was consistent and concordant with the accounts and the data underlying it.

Other information

In accordance with the law, we have ensured that the various information relating to the acquisition of holdings and control has been communicated to you in the management report.

5. Information resulting from other legal and regulatory obligations

Appointment of statutory auditors

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In addition:

- it identifies and assesses the risks that the annual financial statements contain significant misstatements, whether these result from fraud or from errors, defines and implement audit procedures to deal with these risks, and gather information that it considers sufficient and appropriate on which to base its opinion. The risk of non-detection of a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, because fraud can involve collusion, falsification, intentional omissions, false declarations or bypassing internal control;
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Paris, 18 March 2020

The Statutory Auditors

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