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2021 ANNUAL REPORT

BRED

BANQUE POPULAIRE

MESSAGE FROM ISABELLE GRATIANT

CHAIR OF THE BOARD OF DIRECTORS

Proximity: source of resilience and performance

BRED's excellent results are the fruit of the continuous and sustained efforts of its teams, to support its members and its customers throughout this year marked by the health crisis.

These results are part of a long-term process and further increase its means of development in France and abroad.

Guided by its cooperative values, BRED thinks and acts over the long term. It is by being true to them that BRED can fully support its customers faced with economic and social realities, the demands of daily life and the need to plan for the future.

BRED stands by each customer and each member, in all its territories

Far from the pressure of the financial markets, its status as a cooperative enables BRED to preserve its local proximity banking model, through a strong local presence, to be attentive to its members and customers, to constantly adapt, to anticipate, and to drive the changes required by economic, social and environmental transformations.

One of its distinctive features? A concern for local presence: some banks are closing their branches and reducing the number of advisers. BRED wants to be available for its customers.

BRED stands by each customer, each member, in all its territories, with an increased commitment overseas and an unwavering desire to be present abroad. This proximity and local presence enable BRED to have in-depth knowledge of regional stakeholders and issues. The pandemic revealed trends - as is shown by the increased use of digital technology - but above all it has reminded us that human relations are essential, digital technology enhances the human aspect. Investments are made continually to train advisers, renovate branches and deploy digital tools in order to strengthen the local banking model.

Consequently, with the support of its cooperative customers, who have once again shown their commitment to its cooperative model by subscribing to the capital increase, and driven by its cooperative values, BRED is preparing to meet future challenges by defending a vision of the economy that combines performance with attention to people in its local and regional environment.

MESSAGE FROM OLIVIER KLEIN

CEO

Beyond results – the relevance of a model

How were Groupe BRED's results in 2021?

The BRED Group achieved excellent results in 2021, with an NBI of €1,456m and net income of €412m, up respectively by 61% and 129% since 2012. The BRED Group's cost-toincome ratio of 55.1% and the change in its shareholders' equity emphasise the effectiveness and strength of our bank, and its ability to contribute, alongside its customers, to the development of its territories.

These achievements are driven by all of our businesses, and in particular by commercial banking in France, which recorded an increase in revenue in 2021 of 5.4% and a continuous cumulative increase of 50% since 2012, thereby easily outperforming the market. Abroad, the BRED Group has also strengthened its positioning with growth in NBI of 25.7% at constant exchange rates, despite the closure of borders due to the pandemic in some countries where we are present. Finally, our trading desk maintained a very good level of earnings.

2021 was also a year in which BRED achieved recognition. In particular, it was chosen by the European Commission to place its bond issues, won second prize in the category "best affiliated private bank" at the Sommet du Patrimoine et de la Performance, won an award for the best banking individual retirement savings plan on the market, and was awarded the Label of Excellence by the Dossiers de l'Épargne. Not forgetting that its subsidiary in Laos was named the best corporate bank in the country.

However, beyond the figures and awards in 2021, what I retain above all from that year, and what represents our main source of collective pride, is the relevance of the strategy introduced ten years ago: banking without distance, which has given rise in recent years to "100% advisory banking". This strategy is an unprecedented source of resilience in an environment that is still heavily constrained by the structure of interest rates, the technological revolution, and more recently by the health crisis. It has guided all our decisions to combine the protection of employees with support for our customers and territories. Applied to each of our businesses, it has enabled us to achieve outstanding performance over the last ten years.

What is the strength of the "banking without distance" strategy?

Behind this approach and at the basis of our culture of efficiency is a multidimensional philosophy of proximity and added value.

Local proximity to our customers first of all, which we have endeavoured to strengthen in recent years and to significantly improve. Indeed, banking without distance shows the BRED Group's ability to meet the ever-increasing expectations of individuals, professionals and companies of all sizes, both in terms of the overall long-term relationship and of services and advice. It shows the relationship of trust that we are continually striving to enhance: trust in our ability to support our customers on a long-term basis in their personal or corporate projects. Trust as well in our ability to meet their needs for financing, sound investments and data protection.

This philosophy also covers our proximity to the territories. We are a cooperative bank, with a particularly strong role in the territories where we are established, both in France and abroad. We are in perfect harmony with them, with converging interests. If one day, one of our territories shows lower profitability than others, the savings collected there will be used to finance the development of projects in those territories, and will not be allocated to another territory offering better profitability.

The third aspect of proximity concerns decision-making; our customers know the people ultimately in charge at BRED and its banking subsidiaries, and decisions are made at the most local level.

Finally, managerial proximity, which is just as essential, because commercial banking is a business that involves consulting, and the ability to mobilise teams to support customers sets us apart. Our employees are involved in the strategy, we give them the keys not only to understand it but also to be key players in it.

The added value of advice to all our customers is one of the foundations of our strategy. Customers, who are betterinformed and more exacting, expect to have advisers who can meet their specific needs, and who are highly competent. This is what the BRED Group strives to offer and which has resulted in the emergence of “100% advisory banking”.

The BRED Group works in two related but different worlds: those of transaction banking and advisory banking. How has your banking without distance strategy affected the way you deal with convergent but different needs?

Banking without distance means knowing that it is essential to be one of the best players in digital technology, but this is not enough. The future of the BRED Group is therefore also rooted in the philosophy of an overall close relationship that we mentioned earlier.

Based on this conviction, we have created a banking model that is as efficient in the field of transactions as onlineonly banks, but with a crucial extra element that makes it possible to completely satisfy customer requirements: high value-added personalised support. We have undertaken to enhance the overall close relationship that BRED maintains with its customers, in each of its territories, by focussing our thinking on human capital, which is irreplaceable.

Far from closing our branches, we have reorganised them to dedicate them entirely to advisory banking. We have continued to train our employees in order to perfect their expertise in the customer segment they cover, thereby improving our quality of advice, responsiveness and proactiveness.

At the same time, we have invested heavily in new technologies to offer a better customer experience, in particular with a daily banking application recognised as one of the best on the market. Furthermore, we have used digital technology to free our advisers and support departments from low value-added tasks. Finally, we have developed non-banking services.

How is your status as of cooperative bank also a strenght?

Although our banking without distance strategy has guided us for almost 10 years, the cooperative dimension represents our roots. Our members are customers, men and women from all sectors who contribute to the economic and social dynamics of the territories where we are present. This model meets our customers' expectations, as is shown by the success of BRED's capital increases.

Thanks to this original status, BRED's strategy does not depend on the financial markets, their volatility and herd behaviour, such as the very short-term pressure they impose.

Our cooperative model looks to the long term, and is inclusive and committed to the territories, and is therefore more relevant than ever, as in essence it tackles the major transitions currently under way, and makes the issue of social engagement central to our model, our strategy and our governance.

As a cooperative bank, without distance, BRED combines a philosophy of proximity and added value, with a culture of efficiency and collective share ownership.

To cope with the challenges of the future, it will continue to deploy this joint model of capitalism with a positive impact, in which the customers and members, as well as the employees and the company as a whole, are central to its strategy.

Contents

1

Report on corporate governance

This report has been drawn up in accordance with the last subparagraph of Article L. 225-37 of the French Commercial Code and prepared based on the work of the Board of Directors and its various Committees, meetings with the Chairmen of the Board Committees, the General Management and external auditors. It was approved by the Board of Directors on 28 March 2022.

1 - PRESENTATION OF THE BANK

1.1 - Identity

Company name and registered office
BRED Banque Populaire (abbreviation: BRED)
18 Quai de la Rapée - 75604 PARIS

Registration
552 091 795 RCS Paris
LEI NICH5Q04ADUV9SN3Q390

Duration
The Company was initially incorporated for 99 years as from 7 October 1919. Its term was subsequently extended by a further 99 years as from 21 May 2010.

1.2 - Legal form and applicable laws

BRED Banque Populaire the “Company” is a French limited liability cooperative mutual bank (société anonyme coopérative de banque populaire) with fixed capital, governed by Articles L.512-2 et seq. of the French Monetary and Financial Code and all laws and provisions relating to mutual banks, the French Act of 10 September 1947 governing the status of cooperative bodies, Titles I to IV of Book II of the French Commercial Code, Chapter I of Title I of Book V and Title III of the French Monetary and Financial Code, their implementing decrees and by these statutes.

In addition, the Company is governed by general decisions and in particular the decision relating to the guarantee system for the network of mutual banks laid down by BPCE in the context of the powers granted to this central body under Articles L. 511-30, L. 511-31, L. 511-32, L. 512-12, L. 512-106 and L. 512-107 of the French Monetary and Financial Code.

The legal documents relating to BRED Banque Populaire (articles of association, minutes of general meetings, statutory audit reports) may be consulted at the Company’s registered office or at the registry of the Paris Commercial Court.

1.3 - Corporate object

Pursuant to Article 3 of the Memorandum and Articles of Association, the Company has the following corporate object:

1. Conducting all banking transactions with enterprises that are commercial, industrial, small business-related, agricultural or related to professions, either in the form of an individual or a company, and, more generally, with any other organisation or legal person, whether they are cooperative members or not, assisting its customers who are individuals, taking part in the performance of all transactions guaranteed by a mutual guarantee society incorporated in accordance with Section 3 of Chapter V of Title I of Book V of the French Monetary and Financial Code, granting holders of regulated home savings accounts or plans all credit or loans for the purposes of financing their purchases of real property, receiving deposits from any person or company and, more generally, carrying out all banking transactions referred to in Title I of Book III of the French Monetary and Financial Code;

2. The Company may also carry out all related transactions referred to in Article L. 311-2 of the French Monetary and Financial Code, provide the investment services provided for in Articles L. 321-1 and L. 321-2 of the above-mentioned Code and perform any other activity that banks are permitted to perform under statutory and regulatory provisions. In this regard, it may in particular conduct all insurance brokerage operations and, more generally, act as an insurance intermediary;

3. The Company may make all investments in real or movable property required for the performance of its activities, subscribe to or acquire any investment securities for itself, take all equity interests in all companies, groupings or associations, and, more generally, conduct all operations of any type whatsoever that are related to the Company's corporate object, directly or indirectly, and which are liable to facilitate the development or achievement thereof.

1.4 - Financial year

The financial year lasts 12 months from 1st January to 31 December.

1.5 - The BPCE Group and BRED Banque Populaire's position within the BPCE Group

The BPCE Group works in all banking and insurance businesses, harnessing its two large cooperative networks – Banque Populaire and Caisse d'Epargne – as well as its subsidiaries.

A description of the BPCE Group and its organisation chart, contained in the Universal Registration Document and its updates, can be accessed on the BPCE website via the following link: https://groupebpce.com/investisseurs/resultats-et-publications/documents-de-reference.

BRED Banque Populaire is an associate of BPCE. A central body within the meaning of the French Monetary and Financial Code and a licensed credit institution, BPCE is incorporated in the form of a French SA with management and supervisory boards and is 50% owned by Banques Populaires. BRED Banque Populaire held a 4.95% stake at 31 December 2021.

1.6 - Equity holdings and controlling interests

Pursuant to Article L.233-6 of the French Commercial Code, the major holdings or controlling interests in companies having their registered offices in France (as a %) to be reported are as follows:

	1 January 2021	31 December 2021
VALMY FINANCEMENT 1 SAS	0%	100%
VALMY FINANCEMENT 3 SAS	0%	100%
VALMY FINANCEMENT 5 SAS	0%	100%
VALMY FINANCEMENT 2 SNC	0%	100%
VALMY FINANCEMENT 4 SNC	0%	100%
VALMY FINANCEMENT 6 SNC	0%	100%

2 - SHARE CAPITAL

At 31 December 2021, the share capital of €1,495,866,772.29 is divided into 142,871,707 cooperative shares with a par value of €10.47, all fully paid up and held in registered form only.

2.1 - Change in share capital

Change in the share capital of BRED Banque Populaire				
	Amount of share capital	Number of members' cooperative shares	Par value of the share capital	Number of cooperative members
At 31 December 2021	€1,495,866,772.29	142,871 707	10.47	198,604
At 31 December 2020	€1,375,717,807.62	132,026,661	10.42	191,978
At 31 December 2019	€1,361,627,925.30	130,674 465	10.42	194,869
At 31 December 2018	€1,176,070,192.80	113,301,560	10.38	189,367
At 31 December 2017	€995,424,562.00	96,269,300	10.34	181,602
At 31 December 2016	€839,838,568.09	81,458,639	10.31	164,800

In accordance with Article L. 512-5 of the French Monetary and Financial Code, the voting rights attached to the shares held directly and/or indirectly in person or through a proxy-holder by any single cooperative members or resulting from the powers granted to such a shareholder may not exceed, at any given general meeting, 0.25% of the total number of voting rights attached to the company's shares. This limitation does not apply to the chairman of the general meeting casting a vote as a result of proxies received in accordance with the legal obligation under Article L. 225-106 of the Commercial Code. The number of voting rights held directly or indirectly includes those attached to shares held personally by a cooperative member, to shares held by a legal entity that he/she controls within the meaning of Article L. 233-3 of the Commercial Code and to shares assimilated to owned shares, as defined by the provisions of Articles L. 233-7 et seq. of the said Code.

2.2 - Cooperative shares

The shares of BRED Banque Populaire are registered and held in separate accounts in accordance with the regulatory conditions. They are not listed.

Transfers, which are essentially between Bank customers, are at par value and inter-account.

Share ownership automatically involves acceptance of the Company's articles of association and the decisions of its General Meeting.

2.3 - Remuneration for cooperative shares

Shares carry the right to annual interest at a rate set by the AGM. In accordance with Article 14 of the Law of 10 September 1947 governing the status of cooperative bodies, this rate may not exceed the average bond yield over the three calendar years preceding the date of the General Meeting, plus two points.

Interest is calculated pro rata of the number of full months of share ownership.

Interest paid on cooperative shares was:

- €0.179 for the 2016 financial year;
- €0.166 for the 2017 financial year;
- €0.168 for the 2018 financial year;

- €0.158 for the 2019 financial year[1];
- €0.140 for the 2020 financial year.

2.4 - Treasury stock

At 31 December 2021, 998,077 BRED shares were held by the company indirectly.

2.5 - Delegations granted by the General Meeting to the Board of Directors relating to capital increases

Date of the General Meeting	Overall cap on authorisation	Validity	Capital increase carried out on the basis of this authorisation
Ordinary general meeting of 28 May 2020	€500,000,000 by the issue of cooperative shares	26 months	Share capital increase carried out on 9 August 2021, for an amount of €113,005,379.32 by issuing at par 142,871,707 new shares of €10.42. Consecutively, an incorporation of reserves amounting to €7,143,585.35 raised the par value of the old and new shares by €0.05. The share capital of the company thereby increased from €1,375,717,807.62 to €1,495,866,772.29.

[1] With regard to interest on cooperative shares paid for the 2019 financial year:

In the context of the public health crisis caused by the Covid-19 epidemic, the European Central Bank issued a recommendation asking credit institutions to refrain from paying a dividend in cash.

In order to comply with the recommendation while allowing cooperative shareholders to receive remuneration for their cooperative shares in Banque Populaire banks, BPCE, in its capacity as central institution, exercised its powers as a public authority. BPCE's Management Board therefore decided that the remuneration approved by the Banque Populaire general meetings in respect of the 2019 financial year would be paid through the allocation of new cooperative shares.

Remuneration in respect of the 2019 financial year was paid, as originally decided, on 30 September 2020 but the payment was made in the form of new Company shares rather than entirely in cash. Where the remuneration payable did not allow allocation of full shares only, the cooperative shareholder was paid in as many full shares as possible, and any remaining fractional shares were paid in cash.

3 - ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

3.1 - Board of directors

BRUNO BLANDIN
Secretary to the Board

ÉRIC MONTAGNE
Deputy CEO

NATHALIE BRIOT
Director

CAMILLE BOUGON
Director

MARIE-PASCALE VARENE
BPCE Delegate

FRANÇOIS MARTINEAU
Deputy Chairman

PATRICIA LEWIN
Director

LEÏLA TURKI
Director

LAURENCE DUGELAY
CSEC Delegate

OLIVIER KLEIN
Chief Executive Officer

GÉRARD KUSTER
Deputy Secretary

ISABELLE GRATIANT
Chairman of the Board of Directors

BENOIT BAS
Member of the Bureau

STÈVE GENTILI
Deputy Chairman

CYRIL BARTH
Director

PASCAL DROUHAUD
Director

ISABELLE PASTORET
Director

PHILIPPE SAVARANIN
Director representing employees

NADINE CALVÈS
Director

RAPHAËL POCHET
Director

ANNE BAY
Director

GEORGES TISSIÉ
Deputy Chairman

PASCAL MARTIN DE FREMONT
Director representing employees

LAURENT RONIS-LE-MOAL
Director

3.1.1 - The role of the Board

The Board of Directors is a collegial body which determines the policies that apply to the company's activities and ensures that they are implemented effectively. Subject to the powers expressly delegated by law to General Meetings and within the limits of the company's corporate object, the Board considers all matters that might have a bearing on the proper functioning of the company and rules on all relevant matters at its meetings. The Board performs whatever checks and controls it may deem necessary and devotes sufficient time to its role.

The articles of association state that the Board's powers include:

- Defining the company's general strategy and objectives.
- Authorising commitments that exceed the internal delegation of authority granted to the CEO.
- Examining and approving the annual and consolidated financial statements and drawing up the company's management report.
- Proposing, within the legal limit, the annual interest rate to be applied to the cooperative shares.
- Deciding on admission and exclusion of members.
- Convening General Meetings.
- Adopting internal regulations specifying its operating rules as well as those of the special committees.

To supplement the articles of association, the Board of Directors has adopted internal regulations that are regularly updated to comply with the law, regulations and corporate governance best practice.

The Board also performs the tasks and exercises the powers assigned to it by the Decree of 3 November 2014 on internal controls within companies in the banking, payment services and investment services sector that are supervised by the Autorité de Contrôle Prudentiel et de Résolution (hereafter the "Decree of 3 November 2014"). Accordingly, it has a duty to examine the internal control work and findings, on the basis of reports prepared by the managers responsible for permanent and periodic control, to set the overall l risk limits, to define the criteria and thresholds used to measure the materiality of incidents, to define the compensation policy in light of its impact on risks and, more generally, to ensure that the Bank complies with its obligations as set out in the aforesaid Decree and all the legislative and regulatory provisions governing a credit institution's risk management and control.

The Board also complies with the EBA/GL/2021/05 guidelines on internal governance issued by the European Banking Authority (hereinafter the "Guidelines on Internal Governance"). Those guidelines specify the internal governance systems, processes and mechanisms to be adopted by credit institutions to ensure that they are effectively and prudently managed. In this context, the Board of Directors, in its capacity as a supervisory management body must, in particular:

- Supervise and monitor management decision-making and actions;
- Ensure effective oversight of the management body in its executive function;
- Constructively challenge and critically examine the proposals and information provided by the members of the governing body in its executive function, as well as its decisions;
- Periodically assess the effectiveness of the institution's internal governance framework and take appropriate measures to address any weaknesses detected;

3.1.2 - The specific responsibilities of the Chairman of the Board

The Chairman's responsibilities are set out in the articles of association and the internal regulations. He must particularly:

- Organise and oversee the work of the Board of Directors;
- Ensure that strategic issues are discussed as a priority;
- Report to the General Assembly;

- Liaise with the General Management to prepare the general strategy and objectives proposed to the Board of Directors;
- Ensure that the directors are able to perform their duties.

3.1.3 - Composition of the Board

At 31 December 2021, the Board of Directors was composed of 20 directors, including two directors representing employees.

Chairman of the Board of Directors

Isabelle Gratiant

Main role: Chairman of the Board of Directors of BRED

End date of mandate: General Meeting 2022 ***Number of cooperative shares held:*** 21,092 ***Date of birth:*** 8 April 1960	***Mandates or functions within BRED Banque Populaire Group*** • Chairman of the Board of Directors of BRED and BRED COFILEASE. • Director on the Board of Directors of Click and Trust, PREPAR Courtage, COFIBRED and the BRED Banque Populaire Enterprise Foundation. ***Mandates or functions outside BRED Banque Populaire Group*** • Professor (university).

Members of the Bureau

Deputy Chairman

Stève Gentili

Main role: Deputy Chairman of the Board of Directors of BRED Banque Populaire.

End date of mandate: General Meeting 2026 ***Number of cooperative shares held:*** 29,593 ***Date of birth:*** 5 June 1949	***Mandates or functions within BRED Banque Populaire Group*** • Deputy Chairman of the Board of Directors of BRED Banque Populaire. • Chairman of the Board of Directors of IRR INVEST SA, NRJ INVEST SA, COFIBRED, BIC-BRED, BIC BRED – SUISSE SA, BRED Banque Populaire Enterprise Foundation and SPIG. • Director on the Board of Directors of PROMEPAR ASSET MANAGEMENT, BRED GESTION, BCI MER ROUGE, PREPAR IARD, BRED COFILEASE and EPBF. • Member of the Supervisory Board of PREPAR VIE.

Deputy Chairmen

François Martineau

Main role: Counsel

End date of mandate: General Meeting 2026 ***Number of cooperative shares held:*** 2,438 ***Date of birth:*** 11 June 1951	***Mandates or functions within BRED Banque Populaire Group*** • Deputy Chairman of BRED Banque Populaire. ***Mandates or functions outside BRED Banque Populaire Group*** • Counsel. • Co-manager of Lussan Société d'Avocats. • Chairman of the Conservateur Foundation. • Deputy Chairman of Associations Mutuelles le Conservateur and Assurances Mutuelles le Conservateur. • Chairman of the Strategic Coordination Committee for Mutuelles AXA, AXA Assurances IARD and AXA Vie. • Director of AXA Assurances IARD, Conservateur Finance, SAMA (Société des Amis du Musée de l'Armée), ACDM (Association des Amis des Concerts du Dimanche Matin).

Georges Tissié

Main role: former Presidential advisor on social affairs in professional organisations

End date of mandate: General Meeting 2025 ***Number of cooperative shares held:*** 1,485 ***Date of birth:*** 8 June 1953	***Mandates or functions within BRED Banque Populaire Group*** • Chairman of the Board of Directors of BRED Gestion. • Deputy Chairman of the Board of Directors of BRED Banque Populaire. • Director of COFIBRED (Compagnie Financière de la BRED). ***Mandates or functions outside BRED Banque Populaire Group*** • Presidential advisor on social affairs in professional organisations (until 30 September 2019).

Secretaries

Bruno Blandin

Main role: Manager of Claude Blandin & Fils SARL

End date of mandate: General Meeting 2024 ***Number of cooperative shares held:*** 45,378 ***Date of birth:*** 7 October 1952	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire. • Secretary of the Board of Directors of BRED Banque Populaire. • Director of BRED Cofilease. • Permanent representative of COFEG on the Board of Directors of SOREDOM. ***Mandates or functions outside BRED Banque Populaire Group*** • Manager of Etablissements Claude Blandin et Fils SARL (ECB), lead holding company of a group of commercial companies. • Manager of Caraibes Marchand de Biens SARL, SCA Bonne Mère, SCI Alpha, SCI B&P, SCI Beta, SCO Boyer Saint Rose, SCI Californie 97, SCI CBP, SCI de l'Angle, SCI Delta, SCI Energie, SCI l'Epi Epinay, SCI Epilson Voie Verte, SCI de l'Espérance, SCI ETA Lareinty, SCI Forest Hill, SCI Delta, SCI Gamma, Scia Iota Jabrun, SCI Kappa Lamartine, SCI Marengo Collery, SCI Moise Polka, SCI Omicron Frébault, SARL Le Parc d'activités de Jabrun, SCI Rivière aux Herbes, SCI Sigma Dugazon, SCI Théma, SCI Theta Eiffel, SCI Descartes-Champs, SCI la Droue Rambouillet, SCI de Guesclin Dinan, SCI Efo-Morangis, SCI Loire Sud-Nantes, SCI Martot 321, SCI les Neuvilliers-Vire, SCI Phil Villiers le Bel, SCI Pyrénées Paris 20ème, SCI Sentier de Falaise, SCI du Tregor Lannion, SCI Turgotti Cherbourg, SCI Union-Delessert. • Manager of SARL B6, SARL BEB, SCI ATHENAIS, SCI ALLEGRI PCM, SARL LES HAUTS DE TRIANON, SCI TAMARINE, SCI LIBRA Saint François. • Deputy CEO of Blandin SAS and Blandin Concept Automobiles SAS. • Director of GIE C2B, GIE CBI, CANAL + ANTILLES, et de SEM PATRIMONIALE REGION GUADELOUPE, F.E.D.O.M (DOM/TOM Federation). • Chairman of Union Des Entreprises - MEDEF GUADELOUPE • Chairman of the Overseas Committee and Member of the Executive Committee of MEDEF National in Paris. • First Deputy Chairman and Director of the Grand Port Maritime of Guadeloupe (Member of the Supervisory Board) • Elected member of the Guadeloupe Islands Chamber of Commerce and Industry (CCI-IG).

Gérard Kuster

Main role: Consultant in Business Ethics at Ethics Premium and Ekilirae

End date of mandate: General Meeting 2022 ***Number of cooperative shares held:*** 4,858 ***Date of birth:*** 20 December 1948	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire. • Deputy Secretary to the Board of Directors of BRED Banque Populaire. • Chairman of the Risk Committee and member of the Audit and Accounts Committee of BRED Banque Populaire. • Director of PREPAR Courtage and Promepar Asset Management. ***Mandates or functions outside BRED Banque Populaire Group*** • Director of Transparency International France, Cercle de la Compliance and Forum Francophone des Affaires. • Consultant in Business Ethics at Ethics Premium and EKILIBRE Conseil • Member of the Ethics Committee of Aéroports de Paris (ADP).

Directors

Benoit Bas

Main role: Corporate Affairs and Communications Director at Japan Tobacco International

End date of mandate: General Meeting 2026 ***Number of cooperative shares held:*** 200 ***Date of birth:*** 16 January 1975	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire. • Director of the BRED Banque Populaire Enterprise Foundation. ***Mandates or functions outside BRED Banque Populaire Group*** • Corporate Affairs and Communications Director at Japan Tobacco International. • Director of ALCOME (a producer responsibility organisation).

Cyril BARTH

Main role: Chairman of SCYFCO, vocational training centre

End date of mandate: General Meeting 2023 ***Number of cooperative shares held:*** 245 ***Date of birth:*** 11 March 1971	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire ***Mandates or functions outside BRED Banque Populaire Group*** • Chairman of SCYFCO SAS, vocational training centre • Chairman of SAS CYRALAB. • Chairman of SAS France Défense Développement. • Chairman of COHERENCE SAS.

Anne Bay

Main role: Co-manager – Chief Financial Officer – Nostromo communications agency

End date of mandate: General Meeting 2022 ***Number of cooperative shares held:*** 101 ***Date of birth:*** 25 January 1962	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire. ***Mandates or functions outside BRED Banque Populaire Group*** • Co-manager – Chief Financial Officer – Nostromo Communications Agency.

Camille Bougon

Main role: Head of Real Estate France - International investment holding company

End date of mandate: General Meeting 2025 ***Number of cooperative shares held:*** 202 ***Date of birth:*** 4 April 1981	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire. ***Mandates or functions outside BRED Banque Populaire Group*** • Head of Real Estate France - International investment holding company. • Chair, SAS CAMERO. • Manager, SC JEANJO. • Manager, SCI DES MARAIS. • Manager, SARL IPC. • Manager, SCI BOIS LEVENT.

Nathalie Briot

Main role: Institutional relations and lobbying consultant

End date of mandate: General Meeting 2026 ***Number of cooperative shares held:*** 101 ***Date of birth:*** 11 July 1954	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire. • Director of the BRED Banque Populaire Enterprise Foundation. ***Mandates or functions outside BRED Banque Populaire Group*** • Institutional relations and lobbying consultant.

Nadine Calves

Main role: Management Officer at the General Secretariat of the French Finance Ministry

End date of mandate: General Meeting 2026 ***Number of cooperative shares held:*** 496 ***Date of birth:*** 6 April 1965	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire. • Director of the BRED Banque Populaire Enterprise Foundation. ***Mandates or functions outside BRED Banque Populaire Group*** • Management Officer at the General Secretariat of the French Finance Ministry.

Pascal Drouhaud

Main role: Director of Economic Development and Ecosystems for Central America – Colombia – Ecuador for Bombardier Transportation

End date of mandate: General Meeting 2025 ***Number of cooperative shares held:*** 200 ***Date of birth:*** 3 July 1964	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire. ***Mandates or functions outside BRED Banque Populaire Group*** • Head of Institutional Relations and Communication at Nice Côte d'Azur Metropolis. • Manager of International Consulting Strategy EURL.

Patricia Lewin

Main role: Outreach Delegate, DGRIS, French Ministry of the Armed Forces

End date of mandate: General Meeting 2026 ***Number of cooperative shares held:*** 490 ***Date of birth:*** 24 November 1960	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire. ***Mandates or functions outside BRED Banque Populaire Group*** • Chief reputation officer of the DGRIS (General Directorate for International Relations and Strategy) at the French Ministry of the Armed Forces.

Isabelle Pastoret

Main role: General Controller at the French Ministry of Finance, Trade and Industry

End date of mandate: General Meeting 2026 ***Number of cooperative shares held:*** 551 ***Date of birth:*** 29 April 1962	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire. ***Mandates or functions outside BRED Banque Populaire Group*** • General Controller at the Ministry of Finance, Trade and Industry. • Member of the Economic and Social Council of the Île-de-France Region (CESR).

Raphaël Pochet

Main role: Security executive training consultant

End date of mandate: General Meeting 2026 ***Number of cooperative shares held:*** 1,220 ***Date of birth:*** 3 February 1953	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire. ***Mandates or functions outside BRED Banque Populaire Group*** • Security executive training consultant.

Laurent Ronis-Le Moal

Main role: General Manager of Services for the Cotentin Urban Area

End date of mandate: General Meeting 2027 ***Number of cooperative shares held:*** 100 ***Date of birth:*** 26 November 1971	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire. ***Mandates or functions outside BRED Banque Populaire Group*** • General Manager of Services for the Cotentin Urban Area.

Leïla Turki

Main role: Senior executive in an asset management company

End date of mandate: General Meeting 2025 ***Number of cooperative shares held:*** 3,021 ***Date of birth:*** 25 October 1972	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire. ***Mandates or functions outside BRED Banque Populaire Group*** • Senior executive in an asset management company. • Manager of ASK Consulting.

Directors representing employees

Pascal Martin de Frémont

Main role: Back-office agent at BRED Banque Populaire

End date of mandate: General Meeting 2025 ***Number of cooperative shares held:*** 194 ***Date of birth:*** 30 August 1965	***Mandates or functions within BRED Banque Populaire Group*** • Back-office agent at BRED Banque Populaire. • Director representing employees at BRED Banque Populaire. ***Mandates or functions outside BRED Banque Populaire Group*** • Advisor to the Fédération CFTC Banques. • Chairman of the Syndicat National CFTC Banques Populaires.

Philippe Savaranin

Main role: Deputy to the local commitments delegation (Ile de la Réunion) of BRED Banque Populaire

End date of mandate: General Meeting 2025 ***Number of cooperative shares held:*** 330 ***Date of birth:*** 17 June 1963	***Mandates or functions within BRED Banque Populaire Group*** • Deputy to the local commitments delegation (Ile de la Réunion) of BRED Banque Populaire. • Director representing employees at BRED Banque Populaire. ***Mandates or functions outside BRED Banque Populaire Group*** • Manager, SCI SAVARANIN. • Manager, SCI Phico 1.

Method of appointment and term of office of directors

The directors, who are necessarily members of the Bank, are appointed by the General Meeting for a period of six years, at the proposal of the Board of Directors and after examination by the Appointments Committee.

The two directors representing the employees were appointed during the 2018 financial year, for a period of six years, by the two largest trade union organisations.

Balanced representation

The Board's composition is designed to balance:
- the experience, knowledge and skills required to perform the duties of a member of the Board of Directors, and
- a harmonious representation of the different socio-professional categories constituting the Bank's customers and the various regions in which it operates.

At 31 December 2021, the Board of Directors was composed of eight women and 10 men (i.e. 44% women and 56% men), excluding from the calculation the two directors representing employees in accordance with regulations. BRED therefore complies with the minimum proportion of 40% of each gender on its Board of Directors in accordance with the provisions of Article L. 225-18-1 of the Commercial Code.

In addition, the articles of association provide that the number of directors over the age of 68 may not exceed one third of the number of directors in office, it being understood that the two directors representing the employees are not affected by this provision.

Directors' ethics

The directors are particularly required to comply with the requirements contained in French and European regulations regarding the availability, attendance, skills, knowledge, good repute and confidentiality of the directors of a credit institution.

Participants of Board meetings

The General Management, the Secretary General, the representative of the Social and Economic Committee and the delegate of the central body (BPCE) shall attend meetings of the Board of Directors, without voting rights. Lastly, the statutory auditors and the company's operational and functional managers attend meetings whenever necessary.

3.1.4 - Work carried out by the Board in 2021

Board of Director meetings are held when called by the Chairman, whenever Company business requires and at least six times a year.

The Board of Directors met six times in 2021. The average duration of the meetings was four hours and the attendance rate of directors was 97.5%.

Share capital

- Following examination by the bureau, the directors approved the transfers of cooperative shares.
- The directors also examined changes to the geographical distribution of the membership, as they do each year.
- The Board approved the method by which interest would be paid on cooperative shares for the 2020 financial year.

- It made use of the delegation of authority granted to it by the General Meeting regarding capital increases and the extension option provided for by regulations to increase the Bank’s share capital by €120,148,964.67, in order to support its activity, stability and financial autonomy. Since 9 August 2021, the share capital has stood at € 1,495,866,772.29.

Governance

- The Board of Directors approved the training programme for directors representing employees and noted the training programme for members of the Board.
- It duly heard the report on the work of the Appointments Committee and decided on the allocation of compensatory payments for time spent.
- It approved policies on the appointment, succession, diversity and the assessment of the suitability of members of the management body and key-position holders.
- The Board prepared and approved the resolutions submitted to the Annual General Meeting.

Remuneration

- The Board of Directors duly heard the report on the work of the Compensation Committee.
- On the basis of a proposal by the Compensation Committee, the Board approved the compensation policy for traders, risk control officers and accountable managers, and established the principles and criteria for determining, distributing and attributing compensation items to the Chief Executive Officer.

Strategy, activity and operations

- General Management regularly reviewed the situation with regard to the global pandemic (Covid-19), its impacts and the measures adopted by BRED.
- The Board of Directors was kept duly informed of the state of the French, European and international economy, particularly with regard to the banking and financial markets. The members of the Board of Directors have paid close attention to changes to interest rates and their impact on the banking sector and on BRED.
- General Management regularly presented the way in which strategic guidelines and one international growth project were being implemented.
- The Board heard the heads of the bank’s main departments on business activity and the growth in results, both of commercial banking in France and internationally, of the trading desk and in the consolidated management of investments.

Accounting and financial information

- The Board of Directors duly heard the report on the work of the Audit and Accounts Committee.
- It examined and approved the 2020 financial statements and consolidated financial statements and reviewed the quarterly results, the update of the prospective year-end figures, comparisons with the competitive environment, the medium-term plan and the budget for the 2022 financial year.
- It met with the Statutory Auditors. It conducted the annual review of regulated commitments and agreements entered into and authorised in prior years that continued during the 2020 financial year.
- It approved the draft report of the Board of Directors established in respect of 2020.
- The Board noted the impact of the pandemic on the Bank's balance sheet.
- It renewed its authorisations for the issuance of subordinated securities and euro medium-term notes (EMTNs).

Internal control, risks, compliance

- The Board of Directors duly heard the report on the work of the Risk Committee and in particular the results of the work carried out by BRED Group Audit and follow-up on recommendations (across all issuers).
- It approved the risk appetite system presented by the General Management and the Risk Management Department. It was kept regularly informed about the monitoring and updating of the system.
- The Board also noted the results of the general inspection, the audit plan and the multi-year plan for 2021-2024.
- It approved the annual report on internal controls prepared for the financial year 2020 and the annual report on the fight against money laundering.
- Directors monitored the Bank's risk governance and internal control framework. They duly heard the Director of Risk, Compliance and Permanent Control, notably regarding the summary of the 2020 permanent controls, the periodic review of dashboards and consolidated risk maps, as well as approval of policies and procedures.
- They also examined the mechanism governing commitments, including credit policies and associated delegation arrangements.
- The Board noted the results of the stress tests carried out on the equity market and credit activities.
- The Board approved the Basel 2 framework suitable for BRED.

3.1.5 - Board special committees

The Board of Directors has created four special committees, whose members are all directors of the Bank. Members issue opinions intended for the Board and are appointed by the Board on the basis of their skills and professional experience for a period set at the time of their appointment.

The main tasks of the Committees

The Audit and Accounts Committee

The main responsibilities of the Audit and Accounts Committee are:

- To monitor questions relating to the preparation and verification of accounting and financial information;
- To monitor the financial reporting process and make recommendations to ensure its integrity;
- To monitor the effectiveness of the internal control and risk management systems, with respect to the procedures concerning preparation and processing of accounting and financial information;
- To ensure the independence of the Statutory Auditors and to examine their programme of work as well as their recommendations and the follow-up actions taken by the General Management;
- To take responsibility for the selection process of the auditors and make a recommendation on their appointment, compensation, renewal and dismissal.

The Risk Committee

The main responsibilities of the Risk Committee are as follows:

- To advise the Board of Directors on the Bank's overall strategy and appetite for both current and future risks, taking into account all types of risk, to ensure that they fall within the Bank's economic strategy, objectives, culture and corporate values;
- To oversee implementation of the Bank's capital and liquidity management strategies as well as other relevant risks, such as market risk, credit risk, operational risk (including legal and IT risks) and reputational risk, in order to assess their suitability in respect of the risk appetite and risk strategy that have been approved;
- To examine various scenarios, including stress scenarios, in order to assess how the Bank's risk profile would react to external and internal events;

- To assess the recommendations made by the internal or external auditors and monitor appropriate implementation of the measures adopted;
- To supervise the appropriate level of prices for products and services offered to customers in light of the Bank's business model and risk strategy.

The Compensation Committee

The main responsibilities of the Compensation Committee are:

- To prepare the decisions that the Board of Directors takes concerning compensation, particularly compensation that has an effect on the Bank's risk and risk management;
- To conduct an annual review of:
  - The Bank's remuneration policies;
  - Compensation, allowances and benefits of any kind granted to the Bank's corporate officers;
  - Certain categories of employees including risk-takers, staff members with a control function, and any other employee in the same compensation bracket given his or her aggregate income, whose professional activities may have a significant impact on the risk profile of the Bank or the group;
- To assess the methods and systems adopted to ensure:
  - that the compensation system takes due account of all types of risk and levels of liquidity and capital;
  - that the overall compensation policy is consistent and promotes sound and effective risk management; and
  - that it is consistent with the Bank's economic strategy, objectives, culture, corporate values and long-term interests.

The Appointments Committee

The main responsibilities of the Appointments Committee are:

- To identify and recommend to the Board those candidates suitable to sit on the Board, with a view to proposing their appointment at General Meetings;
- To conduct assess:
  - the structure, size, composition and effectiveness of the Board of Directors with regard to the tasks assigned to it and to submit any useful recommendations to it;
  - the knowledge, skills and experience of Board members, individually and collectively, and report to the Board in this respect;
- To examine periodically the policies of the Board of Directors in the selection and appointment of accountable managers and to make recommendations to the Board of Directors;
- To set targets in terms of gender equality among members of the Board of Directors.

Composition of the committees

Each committee is composed of at least three members chosen from among the directors and who do not exercise management functions within the Bank.

Committee members, individually and collectively, have suitable knowledge, professional experience and skills to sit on their respective committees.

Committee members are appointed by the Board at the proposal of the Chairman for the duration of their duties as directors.

At 31 December 2021, the main special committees were composed of:

Composition of the special committees of the BRED Banque Populaire Board				
	Audit and Accounts Committee*	**Risk Committee**	**Compensation Committee**	**Appointments Committee**
Chairman	Benoît Bas	Gérard Kuster	Georges Tissié	Stève Gentili
Committee Members	Bruno Blandin Gérard Kuster François Martineau Isabelle Pastoret Raphaël Pochet Leïla Turki	François Martineau Isabelle Pastoret Raphaël Pochet Leïla Turki	Pascal Drouhaud Stève Gentili Patricia Lewin Pascal Martin de Frémont	Nathalie Briot Nadine Calves Patricia Lewin Georges Tissié

** In accordance with Article L. 823-19 of the Commercial Code, at least one member of the Audit and Financial Statements Committee has specific financial or accounting skills. Gérard Kuster was appointed by the Board of Directors as an independent member with financial and accounting skills.*

The main topics examined by the Special Committees in 2021

The Audit and Accounts Committee

The Committee met four times in 2021 and reported on its work to a meeting of the Board of Directors.

It reviewed BRED's company and consolidated financial statements as well as its interim accounting positions.
In an economic context marked by the persistence of the public health crisis and low interest rates, the Audit and Accounts Committee paid particular attention to the growth in results.

The Audit and Accounts Committee reviewed the process for preparing accounting and financial information, the results of 2020 audits by Financial Audit Department and the 2021 audit plan. The Committee also took note of the anti-corruption mapping relating to accounting procedures and controls.

It held discussions with the statutory auditors to cover the 2020 accounts and reviewed their reports. The Committee also examined the statutory auditors' statement of independence and took note of their audit plan for 2021. Finally, it examined the services beyond the certification of the financial statements for which the statutory auditors are engaged by BRED.

The Risk Committee

The Risk Committee met six times in 2021 and reported on its work to a meeting of the Board of Directors.

In a context marked by the worldwide persistence of the pandemic throughout 2021, at each meeting the Committee examined the system implemented to protect the health of employees and customers while at the same time ensuring the continuation of the Group's business.

It was regularly informed of the findings of assignments conducted by BRED Group Audit, Groupe BPCE Audit and the supervisory authorities, and updated on the implementation of the recommendations expressed. The Committee examined the 2021 audit plan and the multi-year audit plan of BRED Group Audit.
The Committee took note of the annual report on internal control, the report by the Compliance Director and the BRED Group internal control charter.

It regularly reviewed the risk management system (including compliance with thresholds and limits), focusing on credit risk, segmentation risk, balance sheet risk, compliance risk, country risk and operational risk. The Committee regularly took note of risk appetite indicators and the quarterly consolidated risk map, including non-compliance risk.

The Committee was informed of the periodic updating of policies, particularly covering commitments, investment, liquidity, cash flow, balance sheet management, compliance, operational risk country risk and compliance of investment services. The Committee took note of the procedures relating to the management and supervision of subsidiaries, as well as exceptional growth operations and transactions.

The Committee regularly interviewed the managers of Bank departments, including Legal, Human Resources, Consolidated Investment Management, Information Systems Security and Safety of Persons and Property.

The Compensation Committee

The Committee met once in the past year and reported on its work to a meeting of the Board.

As every year, it examined and recommended that the Board should approve the variable remuneration scheme for the CEO.

The Committee heard reports by Group Audit on risk-takers and monitoring of related recommendations. It received detailed information on changes to the regulated population and its variable compensation. It also examined the compensation of those responsible for BRED control functions.

The Committee conducted an annual review of the compensation policy and checked that it complied with the applicable regulations and industry standards.

It prepared draft resolutions submitted to the approval of the Annual General Meeting and relative to compensation.

The Appointments Committee

The Committee met twice in the past year and reported on its work to a meeting of the Board.

The Committee examined the mandates expiring at the AGM called to approve the financial statements for the financial year 2021 and recommended that the Board of Directors should advise renewal of the mandates of the three directors concerned.

It also examined several new candidates for directorships to complete the membership of the Board of Directors and decided to propose the nomination of Cyril Barth to the Board of Directors.

It looked at how compensation could be allocated for time spent working by the members of the Board of Directors and the members of the four regulatory committees.

It reviewed the training programmes offered to directors in 2021.

Finally, pursuant to Article L. 511-100 of the Monetary and Financial Code and the EBA/ESMA guidelines on the assessment of the suitability of members of the management body and key-position holders, the Appointments Committee assessed:

- the structure, size, composition and effectiveness of the Board of Directors; and
- the knowledge, skills and experience of the accountable managers and members of the Board of Directors, both individually and collectively.

In accordance with Article L. 511-101 of the Monetary and Financial Code, the Appointments Committee ensured that the Board of Directors, in the performance of its duties, is not dominated by one person or a small group of persons in conditions prejudicial to the interests of BRED.

3.1.6 - Management of conflicts of interest and regulated commitments

All directors must inform the Board of any situation of conflict of interest, even potential, and refrain from participating in the vote on the corresponding deliberation.

In accordance with the EBA/ESMA guidelines on the assessment of the suitability of members of the management body and key-position holders, the Board of Directors has adopted a policy for the prevention and management of conflicts of interest aimed at identifying and overseeing situations that could potentially hinder the ability of management or the Board of Directors to adopt objective and impartial decisions aimed at best responding to the Bank’s interests and exercising their functions independently and objectively.

Furthermore, it is emphasised that any agreement entered into directly or indirectly between BRED and its CEO, and more generally any person mentioned in article L. 225-38 of the French Commercial Code, must be submitted for prior approval by the Board of Directors.

The same applies for any agreement made between BRED and another company if the CEO or one of the directors of BRED is the owner, indefinitely liable partner, manager, director, member of the supervisory board or, generally speaking, the head of said company.

Prior approval by the Board of Directors must be based on the benefits of the agreement to the BRED, specifically the financial conditions associated with it.

3.2 - General Management and the Executive Committee

The general management of BRED Banque Populaire comprises a CEO and two Deputy CEOs.

3.2.1 - General Management

Method for appointing the CEO

On a proposal by the Chairman, the Board of Directors appoints a CEO for a five-year term. The CEO is chosen from outside of the Board of Directors. The CEO’s term of office is renewable.

In accordance with Article L. 512-107 of the French Monetary and Financial Code, the election and renewal of the term of office of the CEO are subject to BPCE approval.

Olivier Klein has been the CEO of BRED since 2012. His mandate was renewed from 15 June 2017 for a period of five years, in accordance with Article 20 of the Bank's articles of association, i.e. Until 15 June 2022. The Board of Directors, at its meeting on 24 February 2020, decided to renew in advance the term of office of the Chief Executive Officer, for a period ending with the General Meeting which will immediately follow his 65th anniversary and which will be called to approve the financial statements for the 2022 financial year.

CEO's role and powers

The CEO is vested with the broadest powers to act on the Company's behalf in all circumstances. He exercises his powers within the limits of the corporate objects, subject to those expressly reserved by law for General Meetings and the Board of Directors. He manages the Company in its corporate interest, taking into account the social and environmental issues of its activity.

He must first obtain authorisation from the Board of Directors before taking any decision to:
- acquire or dispose of substantial equity interests or any equity interests when the transaction will substantially modify the consolidation scope;
- acquire or dispose of buildings used as head office.

Deputy Chief Executive Officers

The Chief Executive Officer is assisted by two Deputy Chief Executive Officers: Éric Montagne and Simone de Oliveira.

Accountable managers

In accordance with banking regulations, BRED has appointed two accountable managers (Olivier Klein and Eric Montagne). Olivier Klein and Eric Montagne are therefore the guarantors in respect of the supervisory authorities, especially the ACPR, and assume full responsibility for the following activities: effective determination of the direction of the institution's activity, accounting and financial information, internal control, and determination of capital.

3.2.2 - Offices and positions held by the CEO

Olivier Klein
Main role: CEO of BRED Banque Populaire

End date of mandate: General Meeting 2023	***Mandates or functions within BRED Banque Populaire Group*** • CEO of BRED Banque Populaire. • CEO of COFIBRED. • Member of the Vialink Strategic Committee. • Member of the Supervisory Board of PREPAR VIE. • Director of BRED Gestion, COFIBRED, BIC-BRED, BRED Bank Fiji Ltd, BRED Bank Cambodia, Banque Franco Lao, Promepar Asset Management, BIC BRED – Suisse SA. • Permanent representative of BRED Banque Populaire on the boards of directors of BCI Mer Rouge and BCI Nouvelle Calédonie. ***Mandates or functions outside BRED Banque Populaire Group*** • Rexecode and Unigestion Asset Management. • Manager of SCI Klein Boissonnade. • Member of the Supervisory Board and the Board Risk Committee of BPCE.

3.2.3 - Executive Committee

The Executive Committee consists of the General Management as well as 13 other members who are heads of departments. It meets once a week.

OLIVIER KLEIN
CHIEF EXECUTIVE OFFICER

ÉRIC MONTAGNE
DEPUTY CEO

SIMONE DE OLIVEIRA
DEPUTY CEO

RÉMI CHATAIGNIER
COMPANY SECRETARY

BALTASAR GONZALEZ-COLLADO
FINANCE DIRECTOR

FRANÇOISE ÉPIFANIE
DEVELOPMENT DIRECTOR

AURÉLIEN PENNERAT
DIRECTOR OF GROUP AUDIT

MAYLIS COUPET
DIRECTOR OF CORPORATE BANKING

MATHIEU LE BELLAC
DIRECTOR OF OVERSEAS

CORINNE LÉGER-LICOINE
DIRECTOR OF OPERATIONS

STÉPHANE MANGIAVACCA
INTERNATIONAL DIRECTOR

ALBAN SARTORI
DIRECTOR OF HUMAN RESOURCES

CHRISTIAN SCHELLINO
COMMITMENTS DIRECTOR

LUC VIENNET
CPAITAL MARKETS DIRECTOR

ARNAUD VIRICEL
DIRECTOR OF RISK, COMPLIANCE AND PERMANENT CONTROL

NADHIR ZOUAGHI
MAINLAND NETWORK DIRECTOR

MURIEL LECLERCQ
DIRECTOR OF STRATEGY AND TRANSFORMATION

4 - ANNUAL GENERAL MEETINGS

4.1 - Convening meetings

General Meetings are convened by the Board of Directors according to the terms stipulated by law. Since shares are in registered form, each cooperative shareholder may be invited to attend these meetings by ordinary letter.

Meetings take place at the registered office or at any other place specified in the notice to attend. The notice to attend must be sent at least two weeks before the date of the meeting.

4.2 - Conditions for admission

All cooperative members are entitled to attend General Meetings and to take part in the deliberations, either in person or through a proxy-holder, in accordance with the applicable laws and regulations, regardless of the number of shares they hold.
A proxy-holder may not be replaced by another person. For any proxy given by a cooperative shareholder without indicating the name of the proxy-holder, the chairman of the General Meeting will vote in favour of the resolutions submitted or approved by the Board of Directors and against all other resolutions.

A meeting of the Board of Directors may be convened on the same day as a General Meeting and the Board may vote on amendments proposed at the General Meeting while the General Meeting is adjourned.
Legal persons may take part in General Meetings through their legal representatives or any other person duly and properly authorised to represent them.

Proxy is valid for one General Meeting only. However, it may cover the Ordinary General Meeting and Extraordinary General Meeting held on the same day or within seven days or each other. A proxy given for a General Meeting is valid for subsequent General Meetings convened with the same agenda.
All cooperative members may vote by post, using a form drawn up and sent to BRED under the conditions laid down in the applicable laws and regulations.
Cooperative members may, under the conditions set by the laws and regulations, send their proxy form and postal vote form for any General Meeting in paper format or, if authorised by the Board of Directors and indicated in the notice to attend, in electronic format.

4.3 - Conditions for exercising voting rights

In Ordinary and Extraordinary General Meetings, quorums are calculated on the basis of all the shares that make up the share capital, less any shares that have been stripped of their voting rights by law. Each share entitles its holder to one vote. If votes are cast by post, only forms received by BRED by the day before the date of the meeting will be counted when calculating the quorum, under the terms and conditions laid down in the applicable laws and regulations.

In accordance with Article L. 512-5 of the French Monetary and Financial Code and the Bank's articles of association, the voting rights attached to the shares held directly and/or indirectly in person or through a proxy-holder by any single cooperative members or resulting from the powers granted to such a shareholder may not exceed, at any given General Meeting, 0.25% of the total number of voting rights attached to the company’s shares.

5 - STATUTORY AUDITORS

The company’s accounts are controlled by two statutory auditors appointed for six financial years by the Ordinary General Meeting and carrying out their duties in the conditions provided for by law.

Their mandate will expire at the Ordinary General Meeting that will rule in 2023 on the accounts of the financial year ending 31 December 2022.
Statutory auditor fees are determined according to the conditions set out in regulatory provisions.
Statutory auditors are entrusted with the functions and powers conferred to them by legal and regulatory provisions.
They are convened to all the General Meetings of cooperative members no later than the convening of the members.

Statutory auditors must be convened to the Board meeting at which the accounts of the financial year are approved.
They may be convened to any other meeting of the Board of Directors where their presence is deemed appropriate.

Statutory auditors	Signatory partners
PricewaterhouseCoopers Audit (appointed in 1996)	Mr Emmanuel Benoist
KPMG (appointed in 1999)	Mr Ulrich Sarfati

COMPENSATION POLICY AND PRACTICES

Report provided for in Article 266 of the Decree of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sector regulated by the French prudential and resolution supervisory authority.

Compensation policy and practices for persons defined in Article L. 511-71 of the Monetary and Financial Code

1 - DESCRIPTION OF THE COMPENSATION POLICY IN FORCE IN THE COMPANY

In general, the fixed compensation is adapted to the level of skills, responsibility and expertise of each employee and to the compensation levels by profession in the banking sector job market with regard to the minimums per classification set by the Bank's collective agreement. It takes into account the attainment of the objectives associated with the position (see regular and formal assessments of all employees required by internal procedures).

Employees also benefit from a potential variable portion linked to the achievement of collective and/or individual objectives.

At the level of BRED, individual variable compensation is capped at 20% of the fixed compensation.
Moreover, depending on the bank's results, employees benefit from an incentive and profit-sharing scheme.

Furthermore, as regards the periodic and permanent control functions, it should be noted that compensation is set independently of that of the controlled business lines. Compensation levels within the support and control functions must be sufficient to hire individuals who are fully qualified to perform the work assigned to them.

Compensation policy and practice are based on the principle of equal pay for men and women for the same work or work of the same value.

Since 2010, BRED's variable compensation scheme has evolved to comply with changes in French and European regulations. Since 2014, BRED has notably complied with the legislation on compensation policies set out in the Monetary and Financial Code, the Decree of 3 November 2014 on internal control and Delegated Regulation 2021/923 on criteria to be used to identify regulated staff members.

2 - DECISION-MAKING PROCESS

On the proposals of General Management and after review by the Compensation Committee, the Board of Directors approves the principles of the compensation policy for its employees. This policy specifically covers regulated staff members, as defined in Delegated Regulation 2021/923.

2.1 - Composition of the Compensation Committee

The Compensation Committee is chaired by Georges Tissié. Its other members are Stève Gentili, Pascal Drouhaud, Patricia Lewin and Pascal Martin de Frémont (director representing employees).

Its composition complies with the applicable regulations:

- the Committee is comprised of members of the supervisory body who do not exercise any executive function within the company,

- the Chairman and the majority of the members present the qualifications required to be considered independent,
- the Committee includes an employee representative.

In addition, the members of the Compensation Committee collectively have the appropriate professional knowledge, expertise and experience with regard to compensation policies and practices, management and risk control activities.

2.2 - Duties of the Compensation Committee

The Compensation Committee, which met one time in 2021, has at its disposal a file prepared under the control of General Management. This file notably contains the report submitted to the French Prudential Supervisory Authority (ACPR) in accordance with Article 266 of the Decree of 3 November 2014 on internal control within companies in the banking, payment services and investment services sector which are supervised by the ACPR. It also includes input from the Human Resources Department and the Risk, Compliance and Permanent Control Department (opinion on compliance with limits and internal procedures, and on the professional conduct of risk takers; opinion on the application of the principles of the compensation policy for risk takers and senior managers).

This committee conducts an annual examination of:

- the principles governing the company's compensation policies;
- compensation, allowances and benefits of any kind granted to the company's corporate officers;
- the compensation for the heads of the control functions (Head of Risk, Compliance and Permanent Controls; Head of Compliance; Head of Investment Services Control; Head of Audit; Head of Risk).

The Compensation Committee expresses its opinion on General Management's proposals concerning the regulated staff members and proposes to the supervisory body the principles of the compensation policy for such staff members. It is informed of any observations made by the ACPR or any other supervisory bodies.

It also ensures that the compensation policy complies with SRAB regulation and the Volker Rule.

Each year, the Compensation Committee reviews the minutes of the Risk-takers Committee meeting in which it reviewed violations and the final decisions taken pursuant to paragraph 1 of Article L. 511-84 relating to the allocation of variable compensation to risk takers.

3 - DESCRIPTION OF THE COMPENSATION POLICY

3.1 - Composition of risk takers among staff members

In accordance with the CRD V Directive, the "Group 1 MRTs" were identified, meaning the risk takers identified by BRED Banque Populaire, a large institution in terms of its balance sheet.

Delegated regulation 2021/923 defines a set of 17 criteria to identify regulated staff members. There are 15 qualitative criteria and two quantitative criteria.

As such, all employees meeting one of the criteria set out in the Delegated Regulation of 25 March 2021 were included in the Group 1 MRT scope.

Identification on the basis of qualitative criteria

1. Member of the management body in its executive function (corporate officers, excluding Chairman of the Board of Directors, and accountable managers who are employees);
2. Member of the management body in its supervisory function (Chairman and members of the Board of Directors);
3. Member of General Management (Executive Committee);
4. Staff member responsible to the management body for the activities of the independent risk management function, compliance function or internal audit function;
5. Staff member with overall responsibility for risk management within a "material business unit" within the meaning of European regulations): organisational unit or subsidiary (credit institution, financing company, investment company) to which an internal capital allocation of at least 2% has been made);
6. Staff member heading a "material business unit". In subsidiaries, this is the CEO or Chairman of the Board, depending on its legal form;
7. Staff member with managerial responsibility in one of the functions referred to in point 4) or in a material business unit
8. Staff member with managerial responsibility in a material business unit who reports directly to the staff member who heads that unit;
9. Staff member who heads a function responsible for legal affairs, finance including taxation and budgeting, human resources, compensation policy, information technology or economic analysis;
10. Staff member responsible for or who is a member of the committee responsible for the management of a risk category other than credit risk or market risk;
11. Staff member or member of credit committees with authority to commit to a credit risk exposure per transaction which represents 0.5% of the institution's Common Equity Tier 1 capital and is at least €5 million;
12. Staff member or member of a committee with authority to take, approve or veto a decision on transactions on the trading book which in aggregate, where the standardised approach is used, represent 0.5% or more of the institution's Common Equity Tier 1 capital;
13. Staff member with managerial responsibility for a group of staff members who have individual authorities to commit the institution to transactions when the sum equals or exceeds the threshold set out in points 11) or 12);
14. Staff member or committee member with authority to approve or veto decisions to introduce new products;
15. Member in charge of a SRAB/Volker unit

Identification on the basis of quantitative criteria

a. Staff member who was awarded total compensation of €750,000 or more in the preceding period; and staff member in a material business unit whose compensation is at least €500,000 and is higher than the average compensations paid to members identified by criteria 1, 2 and 3.
b. Staff member who is one of the 0.3% of staff (rounded up to the next whole number) who were awarded the highest total compensation in the preceding period;

Application rules for identification criteria

The identification process is carried out at BRED Group level and at the level of each Group company, subject to the proportionality principle. When applying this principle, the Delegated Regulation sets a threshold corresponding to a balance sheet total of €10 billion. An institution is required to identify its regulated staff members whenever its total balance sheet exceeds this threshold. The proportionality principle also excludes companies that are not credit institutions, finance companies or investment companies if they do not present any material risk for their group. Accordingly, for BRED Group, the identification of regulated staff members is based on a consolidated BRED Group approach and an individual BRED approach.

In addition, employees may be identified as “Group 2 MRTs” by BRED Group subsidiaries located in the European Union that apply CRD V on an individual basis. It is stipulated that even though a certain number of principles relating to the compensation policy are applicable to all employees of the BRED Group and its subsidiaries, the elements detailed below only concern employees identified as Group 1 MRTs.

The list of identified employees is submitted to the Compensation Committee. It is reviewed once a year by a panel including members of the Risk, Compliance and Permanent Control Department and the Human Resources Department, under the authority of General Management. The Risk, Compliance and Permanent Control Department formally validate the methodology for identifying regulated staff members.

3.2 - General principles of the compensation policy applicable to regulated staff members

3.2.1 - Chairman

As BRED has opted for separation of the Chairman and CEO functions, the Chairman receives compensation in accordance with the time spent on the governance of the cooperative bank.

The bank provides the Chairman with a company car.

3.2.2 - Members of the Board of Directors

Members of the Board of Directors receive allowances in compensation of time spent on the governance of the cooperative bank.

3.2.3 - Accountable managers

3.2.3.1 - Chief Executive Officer

The fixed compensation of the CEO did not change in 2021.

The variable portion of the CEO’s compensation allocated in respect of 2021 was decided by the Board of Directors and calculated, as each year, using the criteria and procedures defined by BPCE.

The variable portion has 2 components:

- a “Group” component corresponding to 20% of the maximum amount, expressing the solidarity of the Banques Populaires and Caisses d’Epargne with regard to the consolidated BPCE Group results and those of both networks;
- a "Company" component at 80% of the maximum amount in line with the development targets and performance of BRED.

30% of the "Company" component corresponds to the fulfilment of common national criteria defined at BPCE level and 50% corresponds to the fulfilment of local criteria at BRED level.

The common national criteria are based on data specific to BRED illustrating its achievements over the past period as compared with the achievements of the other Banques Populaires. These criteria are determined in accordance with predefined rules and are calculated by BPCE.

Since 2018, one of these local criteria has been specifically linked to the quality of the Bank’s risk appetite framework.

In accordance with the regulations applicable to accountable managers, a portion of the Chief Executive Officer's variable compensation is deferred on a linear basis over 5 years (see section 3.2.3.3)

The CEO benefits from a company car, pension scheme and end-of-career awards as enjoyed by other CEOs of the BPCE Group.

3.2.3.2 - Second accountable manager

In reviewing the allocation of the variable portion to the second accountable manager, the company's Compensation Committee now takes into account, as for the Chief Executive Officer, the quality of the risk appetite framework [(2)].

To do this, the Committee uses the information provided by the Risk Division and the opinion of the Board's Risk Committee. These elements allow the Compensation Committee to determine:

- the correct annual roll-out of the risk appetite framework within the company (implementation of indicators in number and thresholds according to the Group methodology);
- the proper handling of any threshold breaches, in accordance with the Group procedure.

If the risk appetite framework is deemed unsatisfactory, the variable portion allocated to the second accountable manager may be reduced by up to 10% compared to the variable amount proposed, provided this amount is, at most, equal to the variable compensation earned the previous year.

3.2.3.3 - Terms of payment of variable compensation to accountable managers

Starting from the threshold of €50,000, the following rules apply to the payment of variable compensation to accountable managers:

Deferred over 5 years for accountable managers

	starting from March, year N Not indexed	starting from March, year N+1 Indexed No performance condition	October, year N+1 Indexed Performance condition	October, year N+2 Indexed Performance condition	October, year N+3 Indexed Performance condition	October, year N+4 Indexed Performance condition	October, year N+5 Indexed Performance condition
For variable remunerations deferred **40%** (var. allocated between €50,000 and €500,000)	50%	10%	8%	8%	8%	8%	8%
For variable remunerations deferred **50%** (var. allocated between €500,000 and €1,000,000)	50%		10%	10%	10%	10%	10%
For variable remunerations deferred **60%** (var. allocated over €1,000,000)	40%		12%	12%	12%	12%	12%

For each deferred instalment, final vesting is subject to the financial performance and robustness criteria referred to in paragraph 3.3.1, as well as a continued presence in the company.

In the event of voluntary departure or dismissal, deferred and unearned amounts are lost; in the event of retirement or mobility within Groupe BPCE, deferred sums are systematically retained and paid at the normal intervals, in line with the conditions (performance, penalty, etc.) and form initially provided for.

[(2)] Risk Appetite Framework

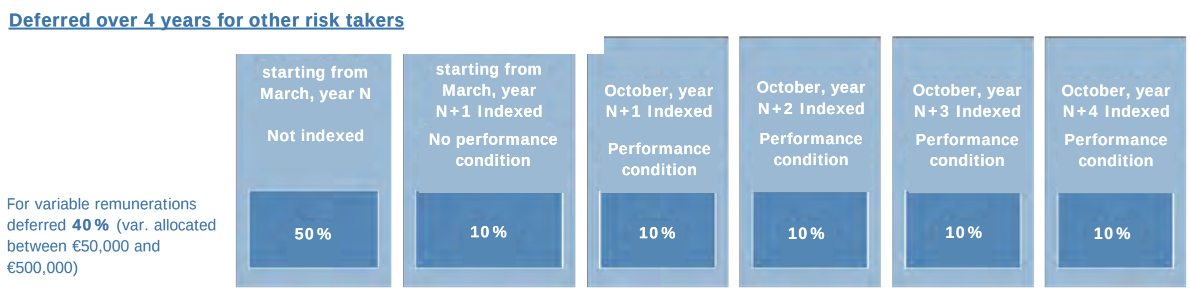
As an exception, in the event of death, deferred portions are settled immediately.

The deferred portions of variable remuneration are index-linked to changes in the consolidated members' equity in BRED (Group share, excluding capital transactions and the revaluation of securities in BPCE or its subsidiaries, excluding interest on BPCE's dividends) since 31 December of the year in which the variable compensation is awarded. In addition, inflation is taken into account through additional index-linking to the capitalised inflation rates according to the year in which the deferred portion is settled.

3.2.4 - Other regulated staff members

The variable portions of regulated staff members are determined within the general framework for defining bonuses. Specific terms and conditions, dealt with below, cover traders. If non-trading regulated staff members benefit from an amount of variable compensation exceeding the threshold that determines application of the specific terms and conditions of award and payment (deferred portions), they are also subject to them, subject to compliance with the law applicable to employment contracts before the regulations were put in place.

Starting from the threshold of €50,000, the following rules apply to payment of compensation:



For each deferred instalment, final vesting is subject to the financial performance and robustness criteria referred to in paragraph 3.3.1, as well as a continued presence in the company.

In the event of voluntary departure or dismissal, deferred and unearned amounts are lost; in the event of retirement or mobility within Groupe BPCE, deferred sums are systematically retained and paid at the normal intervals, in line with the conditions (performance, penalty, etc.) and form initially provided for.
As an exception, in the event of the risk-taker's death, deferred portions are settled immediately.

The deferred portions of variable remuneration are index-linked to changes in the consolidated members' equity in BRED (Group share, excluding capital transactions and the revaluation of securities in BPCE or its subsidiaries, excluding interest on BPCE's dividends) since 31 December of the year in which the variable compensation is awarded. In addition, inflation is taken into account through additional index-linking to the capitalised inflation rates according to the year in which the deferred portion is settled.

For all the regulated staff members, the award of variable compensation is linked to observance of the risk and compliance rules. The heads of these functions must pronounce on the variables of the employees concerned and propose the application of penalties as required.

3.2.5 - Traders

The principles and methods described below specifically concern regulated positions within BRED's trading desk.

The main characteristics of the variable compensation policy for traders are as follows:

- independent determination for operational staff, with validation by General Management, of a maximum potential amount of variable compensation notably based on measuring the financial performance of the trading desk;
- proposals for individual bonuses from the trading desk line managers, based on a written assessment of their traders' contribution to profit and achievement of objectives (contribution to the development of new activities, professional conduct, etc.) formalised in individual files;
- individual capping of variable compensation that can be awarded at 200% of the fixed compensation with a maximum maintained at €900,000 for traders;
- formal opinion from the Risk-takers Committee concerning traders' adherence to compliance and risk policies;
- a strong link between compensation and the activities' medium-term financial performance thanks to a variable portion linked to the traders' continuing presence and the maintenance of financial performance over time. Conditional compensation allocated in 2022 forms part of the "2022 long-term performance and loyalty plan";
- deferred payment of potential bonuses subject to continuing presence within the Group and subsequent performance which must represent, on an individual basis, 50% of the total variable compensation allocated in a given period for amounts over €50,000;
- all bonuses subject to conditions of continuing presence and subsequent performance that align the trader's interests with those of the bank and thus contribute to containing risk, with a holding period of six months before liquidation and payment;
- spreading of payments over the four periods following the allocation year based on performance indicators and presence within the Group six months before the potential payment date;
- index-linking in accordance with relevant guidelines issued by the European Banking Agency (EBA) to reflect the change in the BRED share price.
- guaranteed variable compensation is forbidden, except temporarily in the case of a new recruitment, as permitted by the regulations.

Lastly, traders must comply with all aspects of the internal control system applicable to the trading desk. Assessment of compliance with the risk policy is based in particular on proper application of the regulatory requirements, compliance with procedures, correct keeping of Trading Desk records, compliance with limits and the traders' cooperation with the staff from the Risk, Compliance and Permanent Control Department (responsiveness, quality of exchanges, etc.). Relevant individual reports are submitted every six months to the trading desk manager and the Human Resources Department. If necessary, the Head of Human Resources and the Head of the Risk Department issue warnings to General Management concerning the taking into account in the bonus proposals of any failures to comply with internal and external rules that fall within their scope and recommend, if appropriate, a deduction from the amounts of variable compensation for which allocation has been requested.

The Risk, Compliance and Permanent Control Department formally validate the compensation policy applicable to the regulated staff members.

3.3 - Policy on the payment of variable compensation for risk-takers

In accordance with Articles L. 511-71 to L. 511-85 of the Monetary and Financial Code, policy on the payment of variable compensation is as follows:

3.3.1 - Financial soundness and performance criteria applicable to all regulated staff members

Only the Board of Directors may derogate from application of the general financial soundness or performance criteria or any other rule of the compensation policy applicable to the regulated staff members, including in respect of penalties.

BRED financial soundness and performance criteria

In accordance with Article L. 511-83 of the Monetary and Financial Code, the Board of Directors decided, on the basis of a proposal by the Compensation Committee, that deferred and immediate variable compensation of regulated staff members would be paid only on condition that the bank's capital (CET 1 ratio) complied with the regulatory criteria at the end of each period (general criterion of financial robustness). If these criteria are not met, the said variable compensation will be cancelled.

Similarly, a general financial performance criterion is defined: the regulated staff members may not be awarded variable compensation in respect of any period for which BRED Group records a net loss. Any payments of deferred portions occurring during such a period are also cancelled.

BPCE financial soundness criterion

Lastly, pursuant to paragraph 4 of Article L. 511-77, in the event of the BPCE Group's minimum regulatory ratio (CET 1 ratio) not being achieved at 31 December of the period concerned, BPCE's Supervisory Board proposes a reduction in the variable part allocated for the financial year, and in the deferred portions of variable parts not yet due to be disbursed to risk takers, applying a minimum reduction rate of 50%. The reduction rate proposed may not reach 100% if its application causes the minimum threshold set at the start of the period concerned to be reached.

The Compensation Committee ensures that variable remuneration is compatible with the reality of the bank's commercial and financial performance.

The amounts of variable remuneration are not such as to take disproportionate risks and do not hinder the institution's ability to increase its own equity.

3.3.2 - Harmful conduct mechanism

In accordance with Article L. 511-84 of the Monetary and Financial Code, BRED has established reduction criteria for the variable portion of regulated staff members compensation in the event of any serious breach of the management of risk and compliance.

Risk-takers Committee

In 2016, the Board of Directors approved the creation of a Risk-takers Committee to oversee the harmful conduct mechanism and to rule each year on any proposed reductions to be presented to the Compensation Committee.

Chaired by the CEO, the committee is composed of managers from Human Resources and the Risk, Compliance & Permanent Control Department.

The responsibilities of the committee are as follows:

- To approve the policy on the remuneration of risk-takers, subsequently to be forwarded to the Board of Directors for approval having been reviewed by the Compensation Committee. The policy notably specifies the criteria for identifying risk-takers;

- To ensure the implementation of regulatory BPCE Group standards regarding the identification and remuneration of risk-takers;
- Ruling on any proposals to reduce variable compensation at the request of the control functions;
- For traders, to classify the significance of any breaches identified and notified by the Risk, Compliance & Permanent Control Department.

Harmful conduct criteria

The harmful conduct mechanism applicable to risk- takers' variable compensation identifies the following types of breaches:

- Serious breach of a compliance or risk rule, including in terms of limits, delegations and mandates, which gave rise to an individual reprimand in writing by a senior manager or the head of a compliance, permanent control or risk function. The percentage reduction may be up to 10% as proposed by the relevant committee and approved by the management body in its supervisory function. A serious breach is one that led to an incident with a potential or actual impact above the serious incident threshold as defined for the Group in its "operational risk" standard, i.e. a threshold of €300,000.

- Material breach of a compliance or risk rule, including in terms of limits, delegations and mandates, which gave rise to an individual reprimand in writing by a senior manager or the Head of Risk, Compliance and Permanent Control of the BRED Group. The percentage reduction may be up to 100% as proposed by the relevant committee and approved by the management body in its supervisory function. A material breach is one that led to an incident with a potential or actual impact above the serious incident threshold applicable at BRED Group level, i.e. a threshold of 0.5% of the institution's capital.

- Non-participation in mandatory regulatory training (non-executive risk takers): - 5% deduction per training not completed, as proposed by the relevant committee and approved by the management body in its supervisory function, unless a dispensation is approved by the HR Department in conjunction with the Head(s) of Risk, Compliance and Permanent Control.

- A trader's failure to comply with the risk mandate may constitute a material breach, even if it did not lead to an incident with a potential or actual impact above the applicable material incident threshold. The risk mandate specifies which events are likely to qualify as a serious breach or material breach. In particular, a pure directional or arbitrage position taken by a trader is considered a material breach and entails a 100% reduction of the variable compensation.

3.3.3 - Aggregate quantitative information on the compensation of risk takers

Table 1

Aggregate quantitative information on compensation, broken down by business area
Article 450 g) of EU regulation 575/2013

Aggregate quantitative information on compensation, broken down by business area

Allocation in respect of the 2021 financial year, excluding employer contributions in €	Management body– executive function	Management body–supervisory function*	*Entire management body*	Investment bank	Retail bank	Asset management	Cross-company function	Independent control function	Other	Total
Number of staff members identified										160
of which members of the management body										23
of which other members of general management										17
of which other staff members identified										120
Total compensation	€ 1,979,000	€ 921,500	*€ 2,900,500*	€ 11,328,298	€ 5,764,405	€ 535,500	€ 3,439,355	€ 2,750,924	€ 229,198	26,948,180
of which *variable compensation*	€ 1,095,000	€ 0	*€ 1,095,000*	€ 5,250,900	€ 1,564,637	€ 245,500	€ 502,600	€ 598,352	€ 49,000	9,305,989
of which fixed compensation	€ 884,030	€ 921,500	*€ 1,805,500*	€ 6,077,398	€ 4,199,768	€ 290,000	€ 2,936,755	€ 2,152,572	€ 180,198	17,642,191

Table 2

Aggregate quantitative information on compensation, broken down by general management and members of staff whose actions have a material impact on the risk profile of the institution
Article 450 h) of EU regulation 575/2013

Allocation in respect of the 2021 financial year - excluding employer contributions - in €		Management body–Supervisory function	Management body–Management function	Other members of general management	Other staff members identified	Total
Fixed compensation	Number of staff members identified	21	2	17	120	160
	Total fixed compensation	€ 921,500	€ 884,000	€2,810,842	€ 13,025,848	**€ 17,642,191**
	of which cash	*€ 921,500*	*€ 884,000*	*€ 2,810,842*	*€ 13,025,848*	***€ 17,642,191***
	of which shares and equivalent property rights	*€ 0*	*€ 0*	*€ 0*	*€ 0*	***€ 0***
	of which equity-linked instruments	*€ 0*	*€ 0*	*€ 0*	*€ 0*	***€ 0***
	of which other instruments	*€ 0*	*€ 0*	*€ 0*	*€ 0*	***€ 0***
	of which other forms	*€ 0*	*€ 0*	*€ 0*	*€ 0*	***€ 0***
Variable compensation	Number of staff members identified	0	2	14	114	130
	Total variable compensation	€0	€ 1,095,000	€ 1,089,000	€7,121,989	**€ 9,305,989**
	of which cash		*€ 547,500*	*€ 661,500*	*€4,076,562*	**€ 5,285,582**
	of which deferred	*€ 0*	*€ 0*	*€ 0*	*€ 0*	***€ 0***
	of which shares and equivalent property rights	*€ 0*	*€ 0*	*€ 0*	*€ 0*	***€ 0***
	of which deferred	*€ 0*	*€ 0*	*€ 0*	*€ 0*	***€ 0***
	of which equity-linked instruments	*€ 0*	*€ 547,500*	*€ 427,500*	*€ 2,970,503*	**€ 3,945,503**
	of which deferred	*€ 0*	*€ 535,900*	*€ 342,000*	*€ 2,376,403*	**€ 3,253,403**
	of which other instruments	*€ 0*	*€ 0*	*€ 0*	*€ 0*	***€ 0***
	of which deferred	*€ 0*	*€ 0*	*€ 0*	*€ 0*	***€ 0***
	of which other forms	*€ 0*	*€ 0*	*€ 0*	*€ 74,904*	**74 9041**
	of which deferred	*€ 0*	*€ 0*	*€ 0*	*€ 0*	***€ 0***
	Total compensation	**€ 921,500**	**€ 1,979,000**	**€ 3,899,842**	**€ 20,147,837**	**€ 26,948,180**

2

Activity report

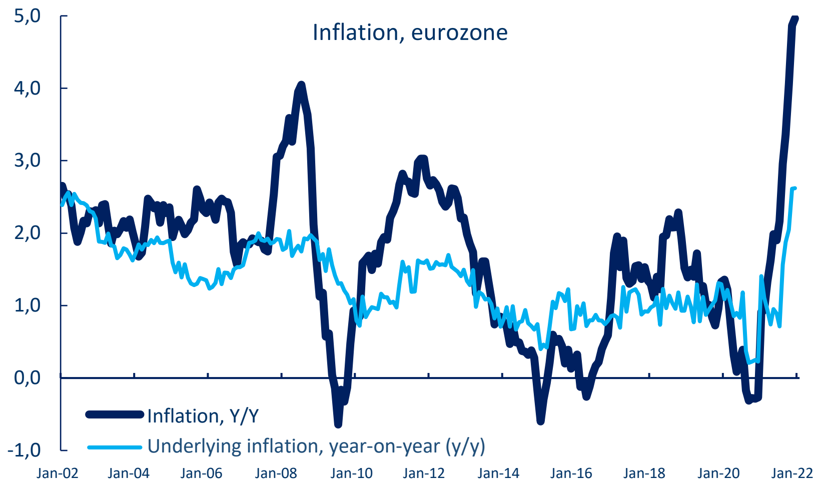
ECONOMIC ENVIRONMENT

The end of the Covid crisis came as quickly as the halt in activity at the onset of the pandemic. Thus, in 2021, many advanced countries returned to GDP levels in line with the last quarter of 2019. The United States has already surpassed that figure. In the eurozone, the milestone was attained during the last quarter.

All the fiscal and budgetary measures that had been implemented and that continued in a more targeted manner at the beginning of 2021 drove this rapid recovery. Central bankers supported this momentum by freeing up liquidity at all levels. They lowered their intervention rates, bought bank loans and mortgages and intervened on the bond market to keep liquidity and rates available under the most accommodative conditions.

The impact on growth speaks for itself: the world's growth rate bounced back by more than 5.6%. The United States posted growth of 5.7% in 2021. The eurozone as a whole will not be far behind, with growth of 5.2%. Within that region, France posted a remarkable performance among the major countries. At 7% it reached a level not seen in 52 years. However, this recovery is also marked by great disparities in situations. Italy and Spain are not far behind France, but Germany is still lagging, even though the recession was not as harsh there. In 2022, the economy will continue to catch up at a more moderate level. However, momentum will remain above the long-term trend.

The growing disparities will weigh on a number of other variables in 2022. First, subsequent waves of the pandemic have created a persistent gap between business activities, drawing a fault line between goods and services. The recovery in consumption has led to difficulties, in terms of supplies, stocks and production. These phenomena intersect in the automotive sector, and in others as well. In fact, no business sector is immune to all of these constraints. In step with public health measures, the recovery in service activities continued to lag and many have not yet returned to a stable trajectory. These multiple lags translate into price pressures. In the eurozone, they are limited to the prices of volatile products, mainly energy and food. Despite the improvement in the labour market and wage negotiations, which are still sector-based, wage pressures are not weighing on the European indices.



At the end of 2021, overall inflation in the eurozone was 5% with a 2.6% average for the year. Excluding volatile products, which account for half of the recent increase, the average stands at 1.6% for the year. In a scenario of falling energy prices in the second half of 2022, the European Central Bank (ECB) is not changing its monetary policy. In a context of still-high debt levels in the eurozone countries, it is keeping real rates in negative territory. However, it is not ruling out adjustments to its quantitative intervention policy in the sovereign debt market.

2022 will continue to benefit from the post-pandemic growth catch-up, with nearly 4% expected by the IMF. But the eurozone will face a number of challenges during this new phase. First, there is the dispersion of economic performance and imbalances. Second, there is the necessary return to a reformed fiscal trajectory approved by all the countries. Finally, there is the delicate withdrawal of the ECB's monetary stimulus amid uncertainty over the trajectory of prices. The tribulations of the pandemic prompted unprecedented initiatives that could continue in this new recovery phase.

COMMERCIAL BANKING STRATEGY

After a 2020 fiscal year marked by the Covid-19 pandemic and a historic recession, 2021 was characterised by the economic catch-up and a strong rebound thanks to vaccinations and massive support from the public authorities aimed at the sectors most affected by health restrictions.

For banks, the environment remains complex and demanding. Growth expectations have been revised downwards due to inflationary pressures and the expected rise in the cost of risk following the tapering of government aid.

At the same time, the pandemic accelerated changes in customer behaviour. Customers are increasingly autonomous for their day-to-day transactions. The majority of transactions previously carried out in branches have moved to digital tools or ATMs.

Yet banking needs linked to our customers' life and business projects have not decreased (savings, financing and insurance). On the contrary, against the backdrop of a crisis, long-term support and advice are more necessary than ever and appreciated by clients.

To tackle these challenges, several years ago BRED adopted its "Banking Without Distance" relationship promise. This means banking that abolishes both physical distance and distant relationships by combining the best of human and digital assets.

A bank without distance means offering all our customers a comprehensive, local and value-added relationship

- BRED provides each client with a dedicated adviser with the expertise they need, regardless of their segment: individual, wealth management, professional, self-employment, company, association;
- A comprehensive, long-term relationship that caters to all the needs of the family, the company and its director;
- A local relationship because our advisers know their customers and establish a permanent, simple and human exchange with them, in our network of course, but also via telephone and digital communications. All combined with the extra warmth that comes from cooperative values;
- Finally, value-added because we have deployed an organisation that allows advisers to spend more time on meeting with and advising clients.

Increasingly practical everyday banking

BRED continues to simplify remote exchanges with its customers by giving them greater practicality and comfort in their day-to-day banking operations and in communications with advisers.

The BredConnect website and app are being constantly improved to offer our customers both more services and an increasingly fluid experience. Customers are now able to perform nearly all of their day-to-day transactions independently, easily and with complete security. They can also book a same-day appointment with their adviser from the mobile app. The BRED app is also ranked among the best in the market according to its ratings in app download stores.

Numerous contact options are available to customers – advisers' direct lines and email addresses are provided to customers to make it easy for them to contact us, as does the secure messaging service available on bred.fr or on the mobile app. Additionally, the Customer Relations Centre (CRC) creates wider accessibility outside branch opening hours, with banking advisers available to take charge of requests and respond to day-to-day enquiries. The opening this year of a new CRC in Saint Denis de la Réunion (after the opening of the CRCs in Caen and Fort de France, Martinique) makes it even easier for our customers to contact us.
Finally, the branch renovation programme is continuing, giving them a comprehensive self-service area with long opening hours (6 am-10 pm), including latest-generation cash and cheque ATMS and sliding glass doors that clearly delineate the self-service area from the client advisory area.

Enhancing the customer and employee experience

At BRED, banking without distance is founded on trust-based personal relationships, as well as on the promise of a seamless, continuous customer and employee experience.

Focussing on dealing with customer enquiries, irrespective of the channel used, is of fundamental importance. The responsiveness and after-sales service offered to customers are indicators of attention and consideration which are central to the perceived quality of service and a long-term relationship of trust. To support this approach, over the past few years, BRED has been developing a customer feedback and satisfaction system through recurring or one-off surveys. As part of the plan to continuously improve our customer service, real-time quality monitoring allows advisers to react quickly in the event of a deterioration in the quality of the relationship with a client. To strengthen this system, BRED has broadened the spectrum of customers polled as part of the immediate surveys sent to customers who have sent an email to their adviser or branch.

To support and accelerate the digitisation of our customer and employee journeys, BRED set up a Customer Experience Department. All customer and employee journeys are reviewed, rated and tackled in an annual improvement plan.

In 2021, the improvement in journeys accelerated, with the digitisation of the signature and archiving stages of the last contracts that were not yet eligible for electronic signatures: life insurance, consumer credit and revolving credit.

Another innovation this year is the deployment of video conferencing for client meetings (via Teams). This new system makes it possible to maintain close relationships despite social distancing. Visual contact between the client and their adviser, as well as screen sharing, make the experience more interactive and generate more interaction than on the phone.

A bank that regularly reviews its systems for the benefit of its employees and customers

The branch network, which alone accounts for nearly 65% of the Net Banking Income (NBI) for Commercial Banking France, is a major challenge for BRED. Faced with competition from neo-banks and major market players, which are gearing up to transform their local networks, it is necessary to permanently review our organisation to create a more efficient model, enabling us to keep the promise of “Banking Without Distance”. In addition, the Covid crisis made urgent the need to revisit the way we physically receive customers at our branches.

In 2021, we recommitted to our branch model that is fully dedicated to advisory in our two networks in mainland France and overseas, with the aim of:

- More availability for an even more local relationship;
- More commercial time to stay one step ahead of our customers by being proactive;
- More select and qualified meetings for greater commercial efficiency;
- More value added.

This structure is a win-win model for customers and employees alike that furthers our goal for excellence in local, value-added relationships. The success of the system is also driven by the ramp-up of middle office functions within our Operations Division. This approach frees our advisers from time-consuming administrative tasks with no added value.

A proactive bank that anticipates and supports its customers' personal and business projects

BRED's comprehensive local relationship model is based on the relevance and customisation of the responses we provide to customers. This requires detailed customer knowledge, anticipation of their personal and business projects, providing them with support over the long term.

In choosing BRED, it does not mean having specialist advisors for each product range, bearing in mind that personal projects may require savings, loans and insurance at the same time, but enabling advisors to take charge of the totality of their clients' needs with a level of expertise in keeping with the nature of the customer they are supporting.

Because customers have high expectations regarding the expertise of their advisers, BRED invests in ongoing vocational training for its employees. Nearly 6% of the Bank's payroll costs are devoted to training, demonstrating the proactive policy in this respect, in a changing and demanding banking sector.

The BRED Advisers Academy offers training and support to new advisers after their arrival. It enables them to acquire the technical and relational skills and knowledge of the tools that are needed to properly assist customers. This initial retail banking programme is supplemented with training programmes specific to each business line, to support employees throughout their career.

The role of e-learning platforms and self-training platforms has also been bolstered to enable our employees to receive training despite social distancing.

The quality of advice is promoted by support from a qualified adviser who is well acquainted with their customer's background. They are the cornerstone of the system, a trusted partner to customers, both for their personal and professional needs. Every effort is made to ensure the stability of the relationship.

Systems and methods are deployed to enable advisers to develop active listening, take a comprehensive approach to needs and build solutions tailored to customer projects. BRED has continued to enhance its Customer Relationship Management (CRM) platform to further reinforce the relevance of the tools provided to advisers, by improving customer knowledge.

A bank owned by its cooperative member customers and committed to sustainable development in its communities

Our member, who are the only holders of BRED's share capital, are also all customers. They ensure BRED's independence from the financial markets. Thus, the bank remains loyal to the principle of medium- to long-term thinking and continues to focus solely on serving its customers and its regions, in line with its identity: "resolutely cooperative and innovative, BRED provides a sustainable and close relationship to support all those who live and work in each region".

As proof of the importance that customers place on these values, almost 200,000 of them are cooperative members of BRED, which entitles them to receive interest payments (as an indication the rate of return on cooperative shares was 1.34% gross [1] for the 2020 financial year) and to have a voice in setting the bank's course through a voting right at the General Meeting. As such, our cooperative member clients are closely involved in sharing in BRED's success and governance.
An ongoing connection is maintained with our cooperative members through local information meetings, a letter emailed four times a year and websites that offer them information and discounts at our businesses https://bred-avantages-clubsocietaire.fr.

BRED's business policy is guided by a responsible development approach in line with the sustainable development challenges of its regions.

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[1] Rate for the 2020 fiscal year provided for information purposes and without prejudice to the future annual interest rate set by the Annual General Meeting of BRED Members, paid to the cooperative members who held shares on the balance sheet date (31/12), in proportion to the length of time the shares were held during the fiscal year. The remuneration for cooperative shares is governed by law and may not exceed the limits set by regulations in force. It is not guaranteed because it is subject to the decision of the General Meeting.

Firstly, it is about supporting the real economy of its regions. The challenge is to provide active support to finance local economic players. BRED's outstanding loans rose 15% over the year to €29 billion. The local economic impact of this financing is considerable: €1 million in loans granted goes to supporting 12 local jobs, according to a study carried out by an independent firm.

BRED also seeks to foster customer relationships based on transparency and mutual benefit. This objective is reflected in the implementation of a comprehensive feedback and survey system aimed at measuring customer satisfaction and quality of service. This system is supplemented by a suite of resources designed to protect customers and their personal data. In the same spirit, BRED enforces business ethics, in strict compliance with the regulations in force.

True to its origins, BRED is also committed to being an inclusive bank. The network of physical branches that can be accessed by persons with disabilities is supplemented by the digital channels available to customers, which facilitate access to our services, including for our most susceptible, vulnerable or elderly customers.

Lastly, BRED seeks to reduce the environmental footprint of its activities. The integration of Environmental, Social and Governance (ESG) criteria into credit decisions and participation in impact financing both help to support our clients' ecological and environmental transition. Similarly, our management company Promepar developed a socially responsible investment (SRI) investment fund offer that meets the expectations of our clients who want to give meaning to their savings. For the first time in 2021, the BPCE teams measured the alignment of its loan portfolio with the objectives set by COP21 aimed at limiting the increase in temperature to 2 degrees by 2050. BRED actively finances the renewable energy production and improvements to the energy efficiency of buildings for professional and residential use. Committed to the fight against climate change, BRED has adopted a restrictive credit policy with regard to the financing of thermal coal, as it supports the energy transition of our customers.

BRED Banque Privée: a private bank with a culture of excellence

State-of-the-art management for wealth customers

BRED Banque Privée provides all its customers – individuals, professionals and companies – with the expertise of its advisers to respond to their expectations in terms of structuring and managing their assets. It provides them with daily guidance on tax and legal aspects, the management of their financial assets and the financing of their life projects.

It is structured to offer a wealth management service adapted to customer types.

- Twelve asset management centres at regional level welcome customers whose financial assets are greater than €200,000. Those customers are assisted by a wealth adviser;
- Each customer of the branch network whose assets exceed €200,000 is offered a dual commercial relationship, with a dedicated adviser in branch for "day-to-day banking" and a wealth adviser or private banker, for advisory banking and asset management operations.
- BRED has a dedicated wealth-management structure consisting of a team of private bankers and business assistants that supports families with financial assets exceeding €2 million and whose wealth structures are complex, often with an international dimension.

Asset management centres are usually located on the same site as business centres dedicated to SMEs. This proximity promotes support for business leaders, facilitating the valuation, transmission or disposal of their private and professional assets.

BRED Banque Privée also has a wealth, financial and real-estate engineering structure with 10 engineers. This team of experts support advisers during meetings with customers or prospects and participate actively and regularly in updating the sales teams' knowledge. They draw up technical letters and asset reports in order to develop organisational strategies and devise tailored solutions.

Lastly, BRED Direct Premium, a customer relations centre, provides telephone support to asset management centre customers. With a dedicated team of advisers available six days a week and until 10 pm on weekdays, customers can be advised about their projects and their accounts.

An open-architecture solution

The asset management service is regularly enhanced, with the support of our subsidiaries Prépar and Promepar Asset Management and favours an open-architecture model to offer our customers the best expertise on the market.

Promepar Asset management, BRED's asset management subsidiary, provides BRED Banque Privée customers with a full range of services: discretionary management, target management of a unit-linked segment in life insurance and Undertakings for Collective Investment (UCIs). Each discretionary management customer has direct access to their Promepar manager to monitor changes to their portfolio. It should be noted that customers can opt for Socially Responsible Investment (SRI) solutions, especially through discretionary management.

A high-end event-hosting site and services

To welcome customers in mainland France and overseas territories, asset management centres are designed to be spaces that foster dialogue and close relationships. They are the subject of a significant investment programme.
Customers are also regularly invited to events, in close collaboration with subsidiaries and partners.

Working closely with corporate customers

BRED has continued to engage in the projects necessary to optimise the SME market in terms of organisation, expansion of its offering, customer pathways and enhancement of its employees' expertise.

Customer management at the Business Centre is organised around different customer segments (small enterprises, SMEs, midcap companies) so that skills can be deployed where they are needed.

BRED positions itself as a partner bank for SMEs and midcaps and their directors; a front-line Senior Banker, anticipating needs and offering long-term entrepreneurial and asset management advice and support to business leaders, in synergy with the Bank's various expertise structures, to offer high added-value transactions.

The positioning of teams upstream of the projects, working alongside managers and offering a range of expertise, differentiates us for corporate customers, particularly in financing, advisory services for mergers and acquisitions, cash management, international banking and trading desk activities.

BRED has strengthened its Structured Financing platform with support for its clients: LBO (leveraged buy-out), external growth and investments, with a dedicated credit agency service for these transactions.

Excellence training was provided to employees of the business centres in 2020, to ensure that each employee is able to provide an expert's view of the financial situation of corporate customers and the feasibility of their projects, support the customers' strategic considerations and be able to create bespoke solutions with the support of the specialised departments.

Corporate Banking Department

In 2021, the Corporate Banking Division (CBD) once again enjoyed dynamic growth in its various institutional, professional real estate, midcap and corporate markets.

As a partner to its clients, CBD has adapted its support to the new challenges that are arising over the course of the Covid crisis: external growth opportunities, ecological transition challenges, financing working capital requirements and need for hedges caused by rising raw material costs and tensions in logistics chains.

2021 was generally marked by a strong recovery in the business activities of its clients, with high production levels, strong cash flow generation and numerous growth projects. This fuelled the corporate financing market, which has probably never been as healthy as it is today, with volumes growing and financial conditions that remain very accommodative for customers. As a first-class banker for its clients, CBD actively participated in this relaunch.

To strengthen this close relationship with its corporate customers, CBD is changing its sales structure: each corporate client is advised by a team made up of a senior banker and an account manager. They are the daily embodiment of the link between BRED and the customer and forge a long-term relationship of trust. This new organisation also relies on the financing team, whose size has been doubled and which has a proactive roadmap. Its mission is to advise clients on how to structure their debt in light of their projects, their business model and, where applicable, their environmental and social strategy.

BRED is reinforcing its quintessential position in managing the flows of social protection players and has extensively financed the Ile-de-France public sector and social housing. Coverage has been created and is in charge of supporting management companies and their managers.

In this rapidly changing world in the midst of a crisis, today, and even more tomorrow, BRED will continue to invest in innovative solutions as it has always done: financing carried interests, creating a paperless customer experience, financing research tax credits, financing stocks, making instant payments and initiating payments.

A bank with an international focus

BRED meets the needs of its customers with an international activity thanks to a wide range of services. In particular, its corporate and institutional clients can benefit from the management of documentary credits and bank guarantees as well as international flow management services.

In addition, BRED is present through its commercial banking subsidiaries in the South Pacific, South-East Asia and the Horn of Africa.

Its international trade financing activity is carried out by BIC BRED Suisse in Geneva.

BRED Espace: a 100% online bank

BRED offers its customers the benefits of an entirely online bank and the close relationship of a traditional bank.

It deploys an innovative development model and over the years has acquired reliable expertise with like-minded clients:

- University students, with a branch dedicated to prestigious schools and partner universities;
- Employees seconded from overseas departments;
- International: natural persons – non-residents, expatriates (but also impetrates) – and local economic institutions/actors such as embassies, consulates, Alliances Françaises abroad, etc.;
- Adults under guardianship.

BRED Espace has continued to grow in recent years, notably with the creation of an entity dedicated to the management of self-employed professionals in 2020.

These clients are very different but have one point in common: they are all open to remote management. Each of these customer segments is managed by a dedicated team with in-depth knowledge of the specific issues encountered.

BRED Espace is not a low-cost online bank designed to compete with our branch sales network. It is an affinity-based online bank that offers high value-added support to its customers and has real differentiating advantages:

- A comprehensive offer as broad as that of our network, supplemented by products and services adapted to its target customers;
- A dedicated adviser who speaks the client’s language can be reached by telephone, email or videoconferencing.

In 2021, BRED Espace’s new visual identity was rolled out to better reflect its positioning and values and to raise its profile.

CONSOLIDATED INCOME STATEMENT: KEY FIGURES

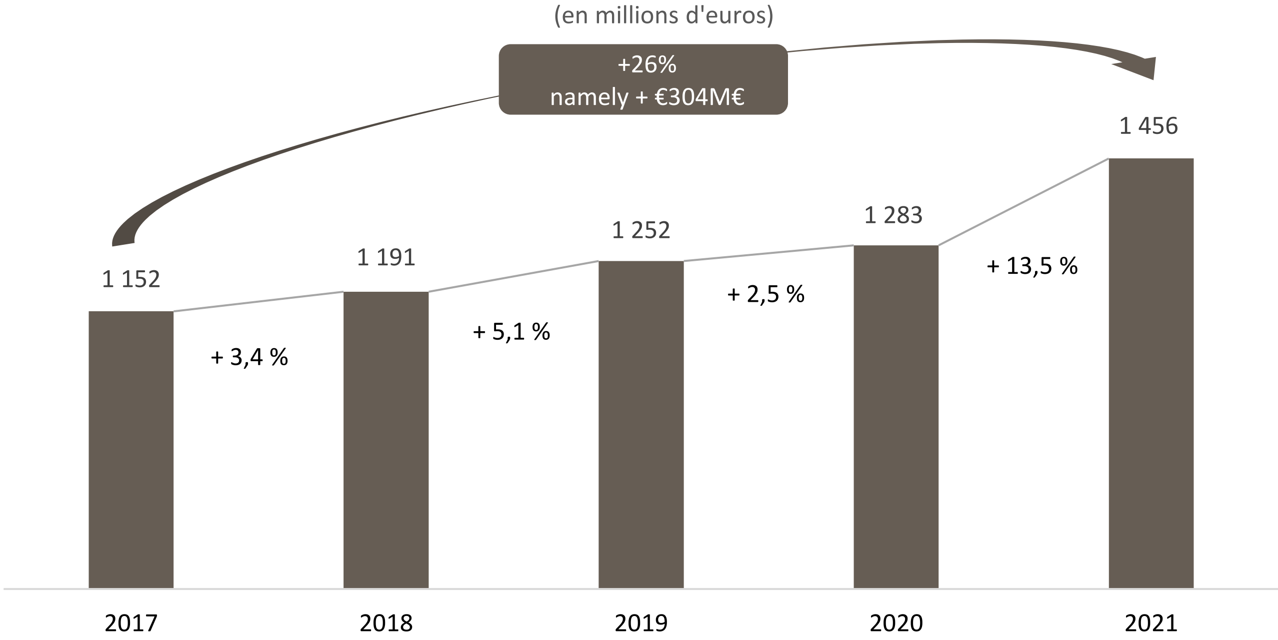
Accounting and management presentation, IFRS

Consolidated income statement						
In € m	2020	2021	2021-2020	2020	2021	2021-2020
				Excluding non-recurring items*		
Net interest margin and similar income	804.0	922.7	+14.8%			
Fee income	479.0	533.4	+11.3%			
Net banking income	1,283.1	1,456.1	+13.5%	1,268.1	1,452.9	+14.6%
Personnel costs	-437.0	-482.3	+10.4%			
External services – excluding BPCE contribution	-166.4	-160.7	-3.4%			
Taxes and duties – excluding SRF	-30.9	-31.0	+0.2%			
Rental expenses (IFRS 16 view)	-29.6	-28.9	-2.4%			
Depreciation charges excluding leases	-44.9	-46.8	+4.2%			
Operating expenses excluding SRF and BPCE contribution	-708.7	-749.7	+5.8%	-704.2	-748.7	+6.3%
Single Resolution Fund (SRF)	-22.2	-27.5	+24.3%			
BPCE Contribution	-39.6	-25.7	-35.0%			
Expenses	-770.5	-802.9	+4.2%	-759.9	-802.0	+5.5%
Gross operating income	512.6	653.2	+27.4%	508.1	650.9	+28.1%
Cost/income ratio	60.1%	55.1%	-4.9 pt	59.9%	55.2%	-4.7 pt
Cost of risk to performing loans (levels 1 and 2)	*-79.7*	*-34.2*	*-57.0%*			
Cost of risk to impaired loans (level 3)	*-81.9*	*-89.9*	*9.8%*			
Cost of risk	-161.6	-124.1	-23.2%	-165.4	-124.1	-24.9%
Operating income	351.0	529.0	50.7%	342.8	526.8	+53.7%
Share of profits of associates	18.9	26.9	+42.5%			
Gains or losses on other assets and change in value of goodwill	5.2	0.7	-86.2%			
Pre-tax profit	375.1	556.7	+48.4%	369.5	554.4	+50.0%
Income tax	-104.8	-142.3	+35.7%			
Net income	270.3	414.4	+53.3%	264.8	412.8	+55.9%
Minority interests	-0.1	-2.0	NS			
Net income (group share)	270.1	412.4	+52.7%	264.7	410.8	+55.2%

**Excluding non-recurring items proforma for the financial equation in 2020. BPCE SA's rules for re-billing expenses recognised in respect of its duties as a central body changed in the fourth quarter of 2020 with retroactive effect for 2019. As a result, and for comparison purposes, the 2020 financial statements have been restated to reallocate the expenses due for the year.*

BRED's consolidated net banking income has increased for the ninth consecutive year, rising by €173 million (+ 13.5%) to €1.456 billion. Excluding non-recurring items, NBI growth stands at 14.6%, a figure that confirms BRED Group's strategic choices.

Growth in BRED consolidated net banking income (in millions of euros)



This remarkable growth in NBI was driven by all business lines, particularly commercial banking in France, and the core business of BRED, which posted a 5.4% increase in NBI of (excluding non-recurring items).

The International and Overseas Territories Banking division posted a 25.7% increase in NBI at constant exchange rates (excluding non-recurring items). It benefited from excellent performances, especially in its international trade financing in Geneva and strong growth in its commercial banking activities in Fiji and in Cambodia.

Market activities maintained a very good level of income this year and contributed 9% of BRED Group's NBI. The consolidated investment activities business rose sharply owing to the excellent performance of the private equity portfolio.

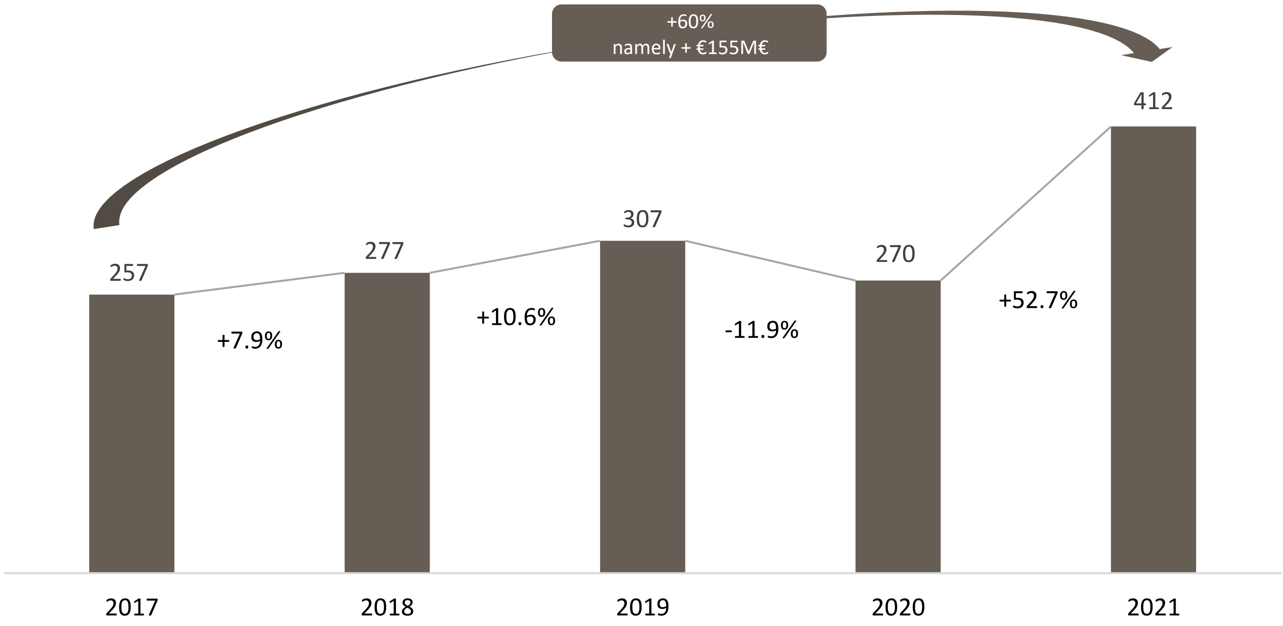
Operating expenses increased by 1.7%, restated for non-recurring items and the increase in variable compensation resulting from improved results. This reflects the ongoing investments in IT systems and the digitisation of processes, the modernisation of the branch network, training and in international development. Meanwhile, total operating expenses increased by 5.5%.

The cost of risk amounted to €124 million down 23.2%, with no reversal of provisions on performing loans (phases 1 and 2).

BRED Group achieved an excellent year in 2021, with net income up 52.7% to €412.4 million or €410.8 million restated for non-recurring items (up 55.2%).

Growth in BRED consolidated net income (in millions of euros)

(en millions d'euros)



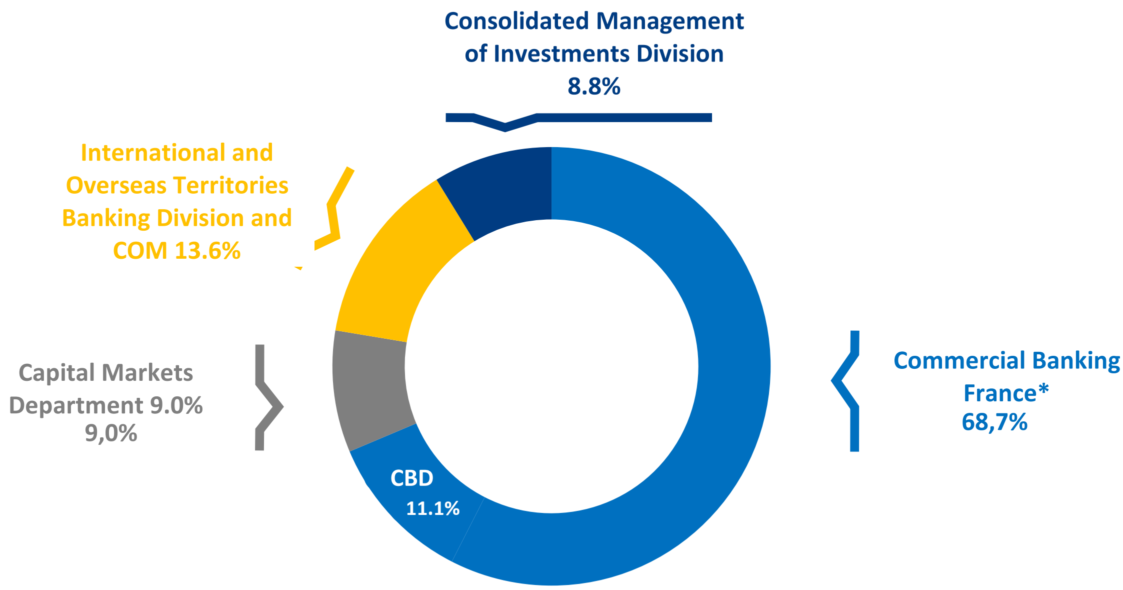
ANALYSIS OF RESULTS

The Group formed by BRED and its subsidiaries is organised into four divisions:

- Commercial Banking France, which includes the activities of the branches, wealth management centres, business centres, the Corporate Banking Division and commercial subsidiaries affiliated with these business lines, as well as Asset/Liability Management (ALM);
- International and Overseas Territories Banking, which includes the various international subsidiaries, international trade financing activities (BIC BRED) and correspondent banking;
- Capital Markets Department;
- Consolidated Investment Management.

The contribution of each of these business divisions to the IFRS consolidated net banking income of BRED Group is presented below, after restatement for non-recurring items. The NBI of the subsidiaries and holdings is treated here in accordance with the percentage of the holding independently of the accounting treatment method.

Breakdown of net banking income (NBI) excluding non-recurring items by division



** Including ALM*

COMMERCIAL BANKING FRANCE

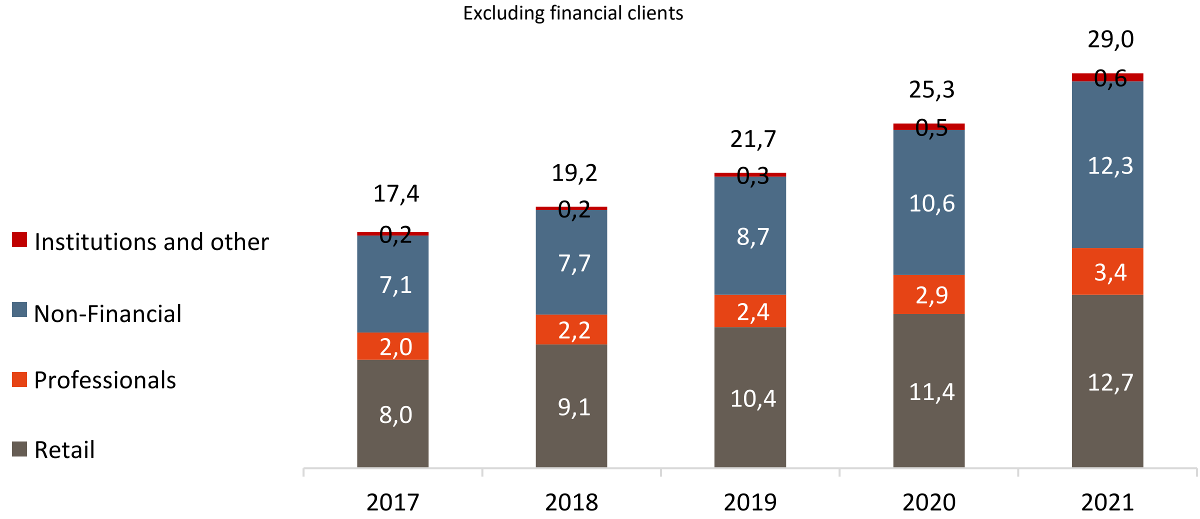
Income statement, management view, excluding exceptional items and excluding reallocation of BPCE fees

In € m	2020	2021	2021 vs. 2020
Net interest margin and similar income	540.5	545.9	1.0%
Fee income	461.4	509.7	10.5%
Net banking income	1,001.9	1,055.7	5.4%
Operating expenses	-575.2	-605.7	5.3%
Gross operating income	426.8	449.9	5.4%
Cost of risk on performing loans	-73.9	-21.0	-71.5%
Cost of risk on impaired loans	-75.7	-85.1	12.4%
Net operating income	277.1	343.8	24.1%
Share of profit (loss) of companies accounted for under the equity method	0.9	0.5	-46.2%
Pre-tax profit on ordinary activities	278.0	344.3	23.8%

At the end of 2021, BRED's Commercial Banking France network had 335 sites (branches, asset management centres and business centres).

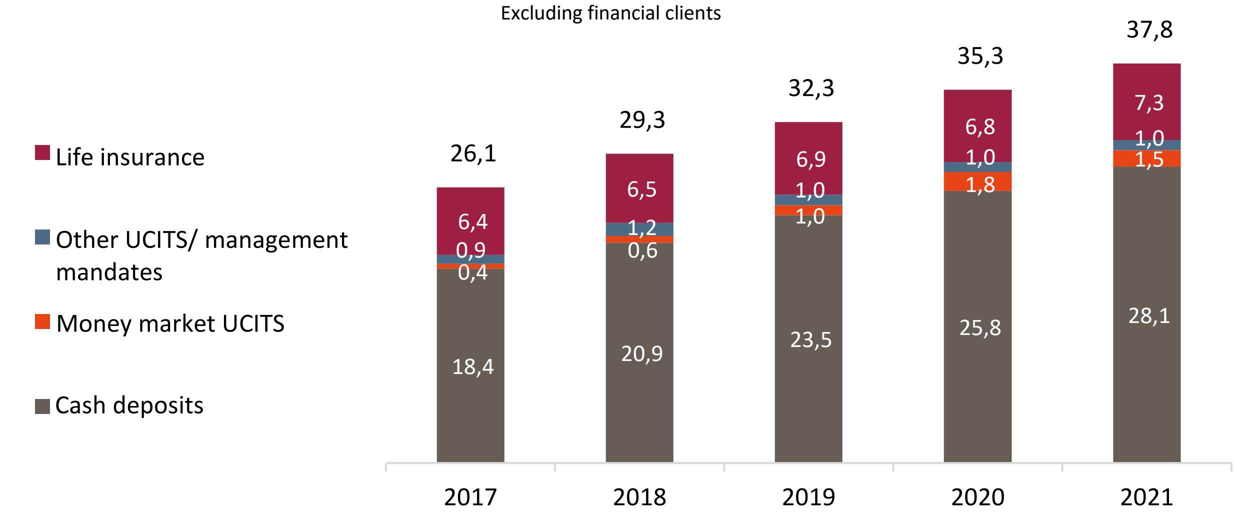
The Commercial Banking France division also includes the Corporate Banking Division and subsidiaries whose businesses are connected to commercial banking (insurance, personal protection funds, asset management, etc.).

Commercial Banking application of funds – France and French subsidiaries
(in billions of euros, average annual value)
Excluding financial clients



Outstanding loans rose 15% over the year to €29.0 billion, driven in particular by home loans and equipment loans for all customer types.

Commercial Banking sources of funds – France and French subsidiaries
(in billions of euros, average annual value*)
Excluding financial clients

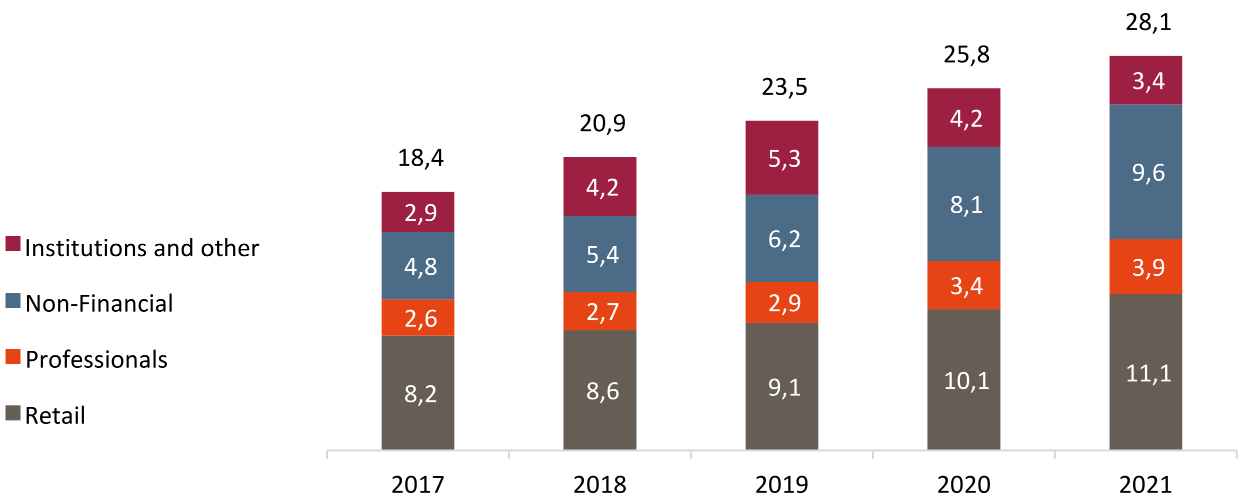


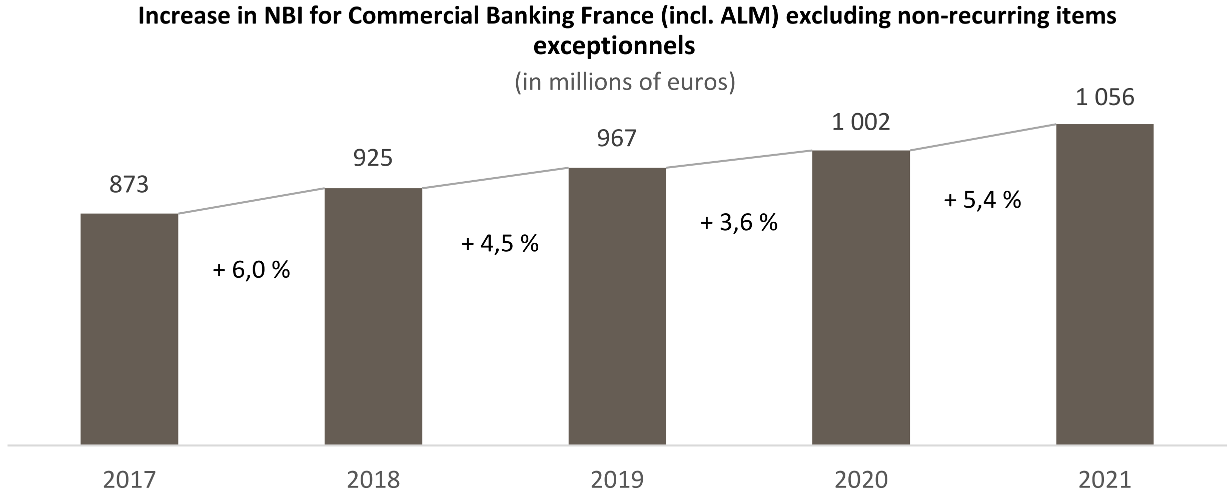
** Excluding UCITS and life insurance assets, at end of period value*

Cash deposits received from Commercial Banking France customers came to €28.1 billion, a 9% increase thanks to significant collection from individual (up €1.1 billion) and corporate customers (up €1.5 billion) that offset a decrease in institutional customer deposits (down €0.7 billion).

Life insurance assets increased to €7.3 billion (of which €1.3 billion outside BRED Group) for a 6% rise over the period.

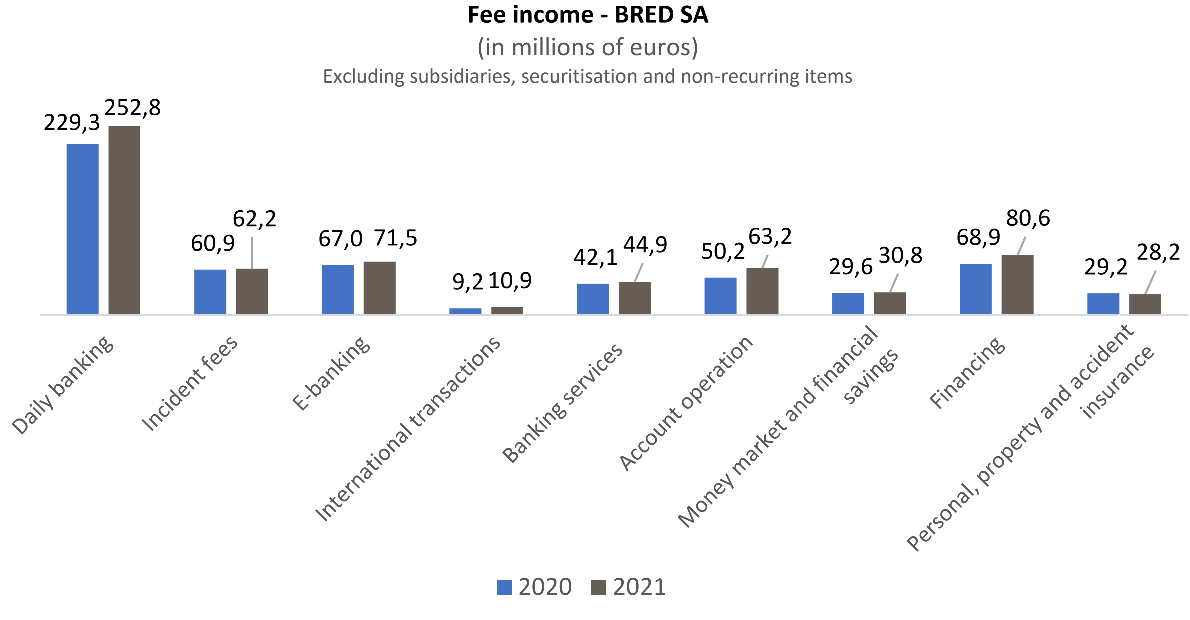
Commercial banking deposits – France and French subsidiaries
(in billions of euros, average annual value)
Excluding financial clients





Excluding non-recurring items, the net banking income of Commercial Banking France grew by 5.4%. The net interest margin increased by 1% thanks to a €71 million volume effect, largely offsetting a negative interest rate of €65 million, including access to preferred rate refinancing mechanisms (TLTROs and Tiering).

Boosted by dynamic customer take-up and against a backdrop of economic recovery, commissions posted a 10% increase.



Commercial Banking France's expenses excluding non-recurring items increased by 5.3%, spurred in particular by the increase in variable compensation resulting from improved results.

The cost of risk was down by 29% (from €150 m to €106 m). No reversal of provisions for performing loans, set up in 2020 to cover expected restructurings or payment defaults due to the sharp economic slowdown, was carried out during this year.

Pre-tax profit on ordinary activities stands at €344 million, up by 23.8%.

The summary income statements (not adjusted for non-recurring items) of the Commercial Banking France division are presented below.

Results of the main French subsidiaries:
Prépar Vie (wholly-owned subsidiary)
Life insurance and personal protection
Income statement: IFRS accounting presentation

In € m	2020	2021	2021 vs 2020
Net banking income	77.1	54.7	-29%
Operating expenses	-23.3	-25.1	8%
Gross operating profit	53.8	29.6	-45%
Corporate income tax	-14.7	-8.6	-41%
Net income	39.0	20.9	-46%

Prépar Vie designs and manages life insurance and personal protection products for the customers of BRED and other partners.

In 2021, Prépar Vie maintained its development policy favouring unit-linked products, euro growth funds and personal protection funds. Prépar Vie reported more than 700,000 personal protection contracts in its portfolio at the end of 2021 and 240,000 savings contracts, amounting to respective growth figures of + 8% and + 3%.

Prépar Vie's NBI amounted to €54.7 million at the end of December 2021, down compared to 2020 because of the base effect of a reversal of provisions on a floor guarantee of €17.4 million in 2020, linked to changes in the calculation model [2], and because of the decrease in the valuation of buildings (down €2.3 million) compared to an increase in 2020 (up €1.7 million). Restated for these two non-recurring items, NBI was almost stable.

The increase in expenses is consistent with the growth plan implemented in 2017 and linked to large IT and regulatory projects in progress, as well as to the cost of transferring the head office, which accounts for half of the increase.

Net income was €20.9 million, a 46% decrease in nominal terms.

Prépar IARD (wholly-owned subsidiary)
Non-life insurance
Income statement: IFRS accounting presentation

In € m	2020	2021	2021 vs 2020
Net banking income	9.6	12.1	26%
Operating expenses	-1.8	-2.6	47%
Gross operating profit	7.8	9.4	21%
Corporate income tax	-2.3	-2.5	5%
Net income	5.4	6.9	27%

Prépar IARD held a portfolio of more than 1,350,000 policies at the end of December 2021, mainly covering health, financial loss and accidental death.

Prépar IARD has positioned itself in the individual healthcare sector since 2017, with multiple partners. This business line is growing strongly, but largely reinsured, and involves high acquisition costs, amortised over several financial years. This diversification has made a positive contribution to earnings since 2020, and is expected to accelerate from 2022.

[2] Restated as a non-recurring item at the consolidated level for its value in Q1 2020, at the time of the change in model.

The increase in overheads is mainly linked to an increase in taxes and investments that enable the company to support its growth.

Net income was €6.9 million, a 27% increase.

Promepar Asset Management (wholly-owned subsidiary)

Asset management

Income statement: IFRS accounting presentation

In € m	2020	2021	2021 vs 2020
Net banking income	10.2	16.0	57%
Operating expenses	-6.9	-8.2	19%
Gross operating profit	3.3	7.8	137%
Corporate income tax	-1.0	-2.1	120%
Net income	2.3	5.7	143%

Promepar Asset Management, a division specialising in asset management, offers investment solutions through open funds, bespoke funds or mandates (securities accounts, PEA, life insurance contracts and SRI solutions). It provides its expertise to BRED advisers and its institutional customers, companies, associations and private customers.

The portfolio under management amounted to €2.495 billion at the end of 2021, up 15% for the year with annual net inflows of + €115 million.

2021 was a great year for Promepar Asset Management, in terms of both management performance and commercial activity. Thus its net income amounted to €5.7 million.

In June 2021, Promepar Asset Management moved to its new offices in the Valmy district at La Défense.

Sofider (wholly-owned subsidiary)

Financing for private individuals, professionals and social housing in La Reunion

Income statement: IFRS accounting presentation

In € m	2020	2021	2021 vs 2020
Net banking income	20.3	21.3	5%
Operating expenses	-6.9	-7.9	14%
Gross operating profit	13.4	13.4	0%
Cost of risk	-0.3	1.7	NS
Net operating income	13.1	15.1	15%
Corporate income tax	-3.3	-4.0	19%
Net income	9.8	11.1	14%

Sofider, a major lender in La Réunion, is active in housing financing in all of its forms, including social home ownership, and also offers a range of personal loans. Alongside Reunion companies, Sofider has developed expertise in providing support to social housing, spatial planning and local authorities operators as well as to real-estate professionals.
Over the past few years, Sofider has also built its expertise in the field of auto loans via its brand “SOFIDER AUTO”.

Disbursements were particularly strong in 2021. Sofider set a new record with €235 million disbursed in 2021 (up 43% compared to 2020). Its performing outstanding loans on the balance sheet rose by 11.2% to €1,075 million.

In this context, Sofider had a very high-quality year in 2021, notably thanks to a 10% increase in its Net Interest Margin (NIM). Gross operating income (GOI) was stable at €13.4 million despite a comparison with 2020 marked by non-recurring transactions (around €2 million).

The lack of allocations to significant loans enabled Sofider to record an improved cost of risk of €1.7 million.

As a result, net income was up 14%, reflecting the subsidiary's positive trajectory.

BRED Cofilease (wholly-owned subsidiary)

Finance lease

Income statement: IFRS accounting presentation

In € m	2020	2021	2021 vs 2020
Net banking income	9.9	7.7	-22%
Operating expenses	-2.7	-2.5	-9%
Gross operating profit	7.2	5.3	-27%
Cost of risk	-3.3	-1.7	-48%
Net operating income	3.9	3.5	-10%
Corporate income tax	-1.1	-1.0	-8%
Net income	2.8	2.5	-10%

Despite an economic and social environment still marked by the health crisis, BRED Cofilease's 2021 production amounted to €102.4 million, up 7% compared to 2020.

The decrease in IFRS 2021 net banking income is not what it seems because in 2020 BRED Cofilease recorded exceptional net banking income of €2.8 million related to interim interest for deferral of maturities. Restated for this non-recurring item, 2021 NBI increased 8% thanks to the improvement in the NIM and the increase in production.

Operating expenses were under control and down 8%. Our 2021 cost/income ratio was 32% compared to 38% excluding non-recurring items in 2020.

The cost of risk is improving, down 48%. In particular, it consists of an exceptional provision for Antilles/Guyane risks (-€2 million) and a partial reversal of Covid-19 provisions (+ €0.7 million) in connection with the natural decline in outstandings under forbearance.

Overall net income was down 10%, but it rose by 38% if restated for non-recurring items.

INTERNATIONAL AND OVERSEAS TERRITORIES BANKING

Income statement: management view, excluding exceptional items and excluding reallocation of BPCE fees, IFRS

In € m	2020	2021	2021 vs 2020
Net banking income	99.4	122.4	23.1%
Operating expenses	-80.6	-85.5	6.1%
Gross operating profit	18.8	36.9	96.3%
Cost of risk on performing loans	-6.1	-13.1	NS
Cost of risk on impaired loans	-10.5	-5.1	-51.0%
Net operating income	2.3	18.6	NS
Share of profit (loss) of companies accounted for under the equity method	23.8	30.0	26.3%
Pre-tax profit on ordinary activities	26.0	48.6	86.9%

The International and Overseas Territories Banking division comprises:

- Commercial banking activities abroad, concentrated in high-growth geographic areas: BCI Mer Rouge, BRED Vanuatu and its subsidiary in the Salomon Islands, Banque Franco-Lao, BRED Bank Fiji, BRED Bank Cambodia.
- Equity interests in banks in foreign countries and overseas territories: Banque Calédonienne d'Investissement (49.9%), Acleda in Cambodia (12.13%), BCEL Public in Laos (10%) and Socredo in Tahiti (15%). These equity interests are treated using the equity method.
- An international trade financing activity carried out mainly from Geneva (BIC BRED Suisse).
- A correspondent banking activity.

2021 was marked by strong growth at most subsidiaries despite the closure of borders for certain countries of operation. NBI rose sharply (up 23.1% to €122.4 million) despite a context that may have weighed on foreign exchange revenues or other activities exposed to the tourism sector.

Expenses increased by 6.1% in connection with the business investment phase, especially in more recent locations that require IT developments and are expanding their network of branches.

The cost of risk on impaired loans was down 51%. The cost of risk on performing loans rose sharply (up €7.0 million), due to the strong growth in outstandings and the relative deterioration in the credit quality of certain customers. The regions have been affected differently by the pandemic and support measures have been implemented by all banks, in coordination with the national authorities of each country in which they operate.

Equity-accounted income increased by €6.2 million.

Total pre-tax profit on ordinary activities stands at €48.6 million, up 86.9%.

In 2022, the main challenge will continue to be the acquisition of significant market shares, thanks in particular to a quality of service equivalent to the best international standards.

Oceania

Banque Caledonienne d'Investissement (49.9% investment)

Income statement: accounting presentation, IFRS standards, at constant exchange rates (average 2021 rate)

in m XPF	2020	2021	2021 vs 2020
Net banking income	10,918.8	11,461.5	5%
Operating expenses	-5,542.9	-5,665.0	2%
Gross operating profit	5,375.8	5,796.5	8%
Cost of risk	-1,527.7	-1,315.0	-14%
Net operating income	3,848.2	4,481.5	16%
Other items	-3.9	-0.3	-92%
Corporate income tax	-1,660.1	-1,831.2	10%
Net income	2,184.2	2,650.0	21%
Net income at constant exchange rates (in € m)	18.3	22.2	21%

New Caledonia, which had long managed to stay Covid-free, except for two brief periods, was hit by the virus in September 2021. Although it has fared rather well, its isolation, the impending 3rd self-determination referendum and the difficulties of the three metal companies weighed heavily on its economy. Despite this difficult environment, BCI's results rose strongly in 2021, even exceeding 2019 levels for some metrics (NIM, NBI and GOI).

NBI grew by 5%, strongly supported by the NIM (up 6.4%), thanks in particular to the easing of interest rates made possible by the refinancing facilities set up by the Institut d'Emission d'Outre-Mer (French overseas institute for issuance).

The increase in operating expenses remained contained at 2%, placing the cost/income ratio (excluding profit-sharing) below 49%.

The cost of risk fell 14%, while recording €2.8 million in provisions in addition to those recorded in 2020 aimed at anticipating the repercussions of the health crisis.

In the end, net income was up 21%, amounting to €22.2 million.

BRED Vanuatu (85% owned subsidiary)

Income statement: accounting presentation, IFRS standards, at constant exchange rates (average 2021 rate)

in m VUV	2020	2021	2021 vs 2020
Net banking income	1,655.9	1,883.5	14%
Operating expenses	-1,113.8	-1,083.4	-3%
Gross operating profit	542.1	800.1	48%
Cost of risk	-369.8	-255.8	-31%
Net operating income	172.3	544.2	NS
Corporate income tax	0.0	0.0	NS
Net income	172.3	544.4	NS
Net income at constant exchange rates (in € m)	1.3	4.2	NS

Economic activity in Vanuatu continued to suffer from the Covid-19 crisis in 2021. Nevertheless, agricultural production, the recovery of construction activities and the return of seasonal workers to the country enabled a return to positive growth.

A commercial bank created in 2008, BRED Vanuatu Limited consolidated its position as the leading bank in Vanuatu in terms of outstanding loans with 38.2% market share, an all-time high. The bank also strengthened its deposit position, with 26.7% market share at 31 December 2021 compared with 24.2% one year earlier.

At 31 December 2021, BRED's net banking income amounted to €14.6 million with net income of €4.2 million, its best performance since its founding.

BRED Bank Salomon (BRED Vanuatu branch)

Income statement: accounting presentation, IFRS standards, at constant exchange rates (average 2021 rate)

in m SBD	2020	2021	2021 vs 2020
Net banking income	41.8	53.8	29%
Operating expenses	-37.4	-39.9	7%
Gross operating profit	4.4	13.9	NS
Cost of risk	-3.0	-22.6	NS
Net operating income	1.4	-8.7	NS
Corporate income tax	0.0	-2.0	NS
Net income	1.4	-10.8	NS
Net income at constant exchange rates (in € m)	0.1	-1.1	NS

Launched in 2018, BRED Salomon is a branch of BRED Vanuatu Limited. It continued its commercial expansion with the opening of a second branch in Point Cruz in early 2021 and a 48% increase in its client base over the year. NBI increased by 29% and the rise in operating expenses was contained at 7%. As a matter of caution, the bank provisioned €1.9 million in cost of risk following riots in Honiara at the end of November 2021. Apart from this provisioning, net income would have been positive.

With 79 employees at the end of 2021, market shares reached 24% on loans, after another significant increase, and were stable on deposits at 15%.

At 31 December 2021, BRED Solomon's net banking income amounted to €5.7 million, with net income of (€1.1 million).

BRED Bank Fiji (90% owned subsidiary)

Income statement: accounting presentation, IFRS standards, at constant exchange rates (average 2021 rate)

in m FJD	2020	2021	2021 vs 2020
Net banking income	25.6	36.9	44%
Operating expenses	-22.7	-25.0	10%
Gross operating profit	2.9	11.9	NS
Cost of risk	-4.7	-10.5	123%
Net operating income	-1.8	1.4	NS
Corporate income tax	0.1	1.9	NS
Net income	-1.7	3.3	NS
Net income at constant exchange rates (in € m)	-0.7	1.4	NS

Founded in 2012, BRED Bank Fiji has six branches in with a portfolio of 40,000 individual, professional and corporate customers. In 2021, the bank's capital was doubled with a capital increase of €18 million to support an ambitious development plan.

The loan portfolio increased significantly to €295 million at the end of 2021 (up 55%) while customer deposits amounted to €320 million (up 44%).

Despite the Covid-19 crisis, which continued to have a significant impact on tourism-related revenues (the cornerstone of the Fijian economy), the bank has been able to develop its customer base to grow its net banking income, which increased by 44% as the country's GDP fell by 4%. Operating expenses rose moderately by 5.5%, leading to a significant improvement in gross operating income to FJD 11.9 million.

The cost of risk amounted to FJD 10.5 million in 2021, up sharply compared to 2020 due to both growth in outstandings and the forming of collective provisions on loans subject to forbearance due to the health crisis.

Net income was €1.4 million for the year, compared with a loss of €0.7 million the previous financial year.

Southeast Asia

Banque Franco-Lao (70% owned subsidiary)

Income statement: accounting presentation, IFRS standards, at constant exchange rates (average 2021 rate)

in m KIP	2020	2021	2021 vs 2020
Net banking income	86,997.1	119,811.5	38%
Operating expenses	-68,815.3	-74,502.6	8%
Gross operating profit	18,181.7	45,309.0	149%
Cost of risk	-6,901.2	-38,841.1	NS
Net operating income	11,280.5	6,467.9	-43%
Other items	-252.9	-558.3	121%
Corporate income tax	-1,071.9	7,890.9	NS
Net income	9,955.7	13,800.4	39%
Net income at constant exchange rates (in € m)	0.9	1.2	39%

Like most countries around the world, Laos suffered the consequences of the Covid-19 pandemic. The impact of the pandemic reached all sectors of the Laotian economy, but in particular the services sector, where tourism, wholesale and retail trade, transport and hotels were particularly hard hit by the complete closure of the country's borders since March 2020.

Although foreign investment has been significantly reduced, foreign investment was also a factor in the economy's recovery in the last quarter of 2021 with the opening of the railway line linking Vientiane to China, with the main impact of lower costs related to freight transport and delivery times.

The growth rate reached 2.2% in 2021, up from 2020 when it was negative at - 0.5%.

In 2020, Banque Franco Lao (BFL) set up moratoriums on loans granted to sectors impacted by the pandemic and continued to support the economy throughout 2021. In this difficult economic environment, BFL has shown its agility and demonstrated its robust foundations by generating 38% growth in its net banking income while maintaining its operating expenses. Its operating income grew by a factor of 2.5. Net income increased by 39%, or €1.2 million, after taking into account changes in the cost of risk.

BRED Bank Cambodia (wholly-owned subsidiary)

Income statement: accounting presentation, IFRS standards, at constant exchange rates (average 2021 rate)

in m USD	2020	2021	2021 vs 2020
Net banking income	13.6	17.1	26%
Operating expenses	-12.6	-15.0	19%
Gross operating profit	0.9	2.1	125%
Cost of risk	-3.3	-0.6	-82%
Net operating income	-2.3	1.5	NS
Corporate income tax	0.3	-1.1	NS
Net income	-2.1	0.4	NS
Net income at constant exchange rates (in € m)	-1.7	0.3	NS

On the health front, Cambodia had been relatively spared by the Covid-19 epidemic in 2020, although the economic consequences were heavily felt with negative growth of - 3.1% compared to an average of 7% over the previous years. The resurgence of the Covid-19 epidemic in early 2021 and the resulting lockdown measures slowed the expected recovery, which was ultimately limited to + 2.2%, half of the figure initially forecast. The manufacturing sector (notably clothing, but also electronics and vehicle parts) as well as the agriculture and agri-food sector are driving the recovery. However, tourism and, to a lesser extent, construction did not return to their pre-Covid growth levels.

Despite this still-difficult environment, BRED Bank Cambodia continued its expansion in 2021 more rapidly than the rest of the banking sector, whose development was nevertheless solid. The bank's outstanding loans increased by 33% to €341 million. The bank supports companies in sectors that are struggling (tourism) by instating moratoriums, which accounted for just over 5% of outstandings at the end of the year. The portfolio of past-due payments (more than 90 days) remains negligible since it is limited to 0.25% of the portfolio. At the same time, deposits increased by 38% and now exceed €300 million. As a result, NBI rose significantly in 2021 by 26%, while expenses increased by just 19%. For the first year, the bank reached its break-even point and generated a profit of €0.3 million. At the end of 2021, the bank was serving 9,000 customers, including nearly 650 companies.

To continue supporting the subsidiary's development, a capital increase of USD 35 million was carried out in September 2021.

Horn of Africa
BCI Mer Rouge (51% owned subsidiary)

Income statement: accounting presentation, IFRS standards, at constant exchange rates (average 2021 rate)

in m DJF	2020	2021	2021 vs 2020
Net banking income	4,338.9	4,387.8	1%
Operating expenses	-3,203.5	-3,395.4	6%
Gross operating profit	1,135.4	992.4	-13%
Cost of risk	-1,388.1	-1,142.5	-18%
Net operating income	-252.7	-150.1	-41%
Other items	402.1	1.4	-100%
Pre-tax profit on ordinary activities	149.4	-148.8	NS
Corporate income tax	-68.6	48.9	NS
Net income	80.7	-99.9	NS
Net income at constant exchange rates (in € m)	0.4	-0.5	NS

The Banque pour le Commerce et l'Industrie – Mer Rouge is a full-service bank that operates in all market segments, serving individuals, companies, the public sector and institutional investors. It makes a significant contribution to financing the Djiboutian economy, accounting for about 30% of the banking market. BCI-MR is the country's leading bank for infrastructure projects and large companies. In 2021, the bank continued its digital transformation to serve its customers as best as possible and offer its clients suitable services. The bank has expanded its distribution network, points of sale and ATMs through partnerships with local stakeholders. A new sales structure was put in place to move towards 100% advisory services across the entire sales network.

NBI rose slightly (up 1.1%) thanks to the recovery in commercial activities after a 2020 marked by lockdowns caused by Covid-19. The contribution of interbank deposits, however, continues to be affected by the drop in the investment rates of surplus funds in USD.

Operating expenses increased by 6% but remained under control for current activities. The cost overages correspond to expenses stemming from investments in the bank's development, particularly as part of the migration of information systems to a more recent version.

The decline in non-performing loans and a collections system that is better organised and more efficient (enabling significant recoveries) helped BCI Mer Rouge to reduce its actual cost of risk. However, under IFRS standards, provisions for performing loans were increased for certain customers exposed to the Ethiopian crisis.

As a result, net income was negative at (€0.5 million).

Europe

BIC BRED Suisse (wholly-owned subsidiary)

Income statement: accounting presentation, IFRS standards, at constant exchange rates (average 2021 rate)

In m CHF	2020	2021	2021 vs 2020
Net banking income	21.8	31.3	44%
Operating expenses	-15.5	-17.8	15%
Gross operating profit	6.3	13.5	114%
Cost of risk	-0.2	-0.3	15%
Net operating income	6.0	13.2	118%
Corporate income tax	-1.7	-2.2	34%
Net income	4.4	11.0	NS
Net income at constant exchange rates (in € m)	4.1	10.2	NS

In 2021, the expansion of the bank's customer base and, to a lesser extent, the increase in commodity prices, enabled BIC BRED Suisse to attain record growth in its NBI (up 44%). BIC BRED Suisse has remained very attentive to the security of its operations in terms of operational, credit and compliance risks.

At the end of December 2021, the Bank posted GOI growth of + 114%. The cost of risk is limited to provisions related to performing loans (IFRS 9). Net Income was €11 million, up 150% compared to 2020.

Good management of operating expenses (+ 15%) combined with the sharp increase in NBI led to a clear improvement in the cost/income ratio, which stood at 56% compared to 67% a year ago.

BIC BRED Suisse started the process of opening a branch in Dubai in order to better support its local clients and further develop its business.

BIC BRED (wholly-owned subsidiary)

Income statement: accounting presentation, IFRS standards

In € m	2020	2021	2021 vs 2020
Net banking income	1.5	3.0	104%
Operating expenses	-1.4	-1.0	-25%
Gross operating profit	0.1	2.0	NS
Cost of risk	0.2	-0.6	NS
Net operating income	0.3	1.4	NS
Corporate income tax	-1.3	-0.2	-87%
Net income	-1.0	1.3	NS

In 2021, the subsidiary's lending activity was redirected to international markets and more specifically to geographical areas where BRED Group is already present or wants to expand, mainly in Asia and the Pacific. In particular, the objective is to explore the markets of the target countries and to support the development of subsidiaries over the long term (reputation, revenue synergies).

The "Garantie Habitat" business is still affected by the context of stricter eligibility parameters.

Driven by an increase in outstanding syndicated loans abroad, net banking income was €3 million, a + 104% increase year-on-year.

At the end of December 2021, operating expenses amounted to €1 million, down 25%.

Combined with a well-managed cost of risk of €600,000, net income at the end of 2021 was in the black (up €1.3 million); compared with a deficit one year earlier.

CAPITAL MARKETS

Income statement: IFRS management presentation

In € m	**2020**	**2021**	**2021 vs 2020**
Net banking income	148.5	138.8	-6.6%
Operating expenses	-59.1	-66.0	11.6%
Gross operating profit	89.4	72.8	-18.6%
Pre-tax profit on ordinary activities	89.4	72.8	-18.6%

The Capital Markets Division posted very good results in 2021, which was far less volatile than 2020 when there were fewer opportunities. 2021 NBI stood at €138.8 million, a slight decrease of -6.6% compared with 2020. This performance was largely due to the development of the commercial franchise and the increase in volumes handled, which offset the drop in margins.

Assets held in money-market funds provided to customers reached a new record, with nearly €115 billion invested. This growth was driven in particular by significant development in the financial issuer and fund manager investor segments.

The short-term deposits of money-market customers have continued to be replaced, in liquid sovereign securities, repurchase agreements, covered equities, or at the Central Bank according to a distribution in accordance with internal segregation rules.

Foreign exchange and interest rate activity in connection with the commercial network remained at a level similar to that of 2020.

Finally, bond distribution activities posted growth in results.

CONSOLIDATED MANAGEMENT OF INVESTMENTS

Income statement: management presentation, excluding non-recurring items, including BPCE fees, IFRS

In € m	2020	2021	2021 vs 2020
Net banking income	18.2	136.0	NS
Operating expenses	-45.0	-44.7	-0.6%
Gross operating profit	-26.8	91.3	NS
Cost of risk on performing loans	0.3	-0.1	NS
Cost of risk on impaired loans	0.5	0.4	-22.6%
Share for equity method companies	-3.1	-3.5	14.4%
Gain or loss on other assets	5.2	0.7	-86.2%
Pre-tax profit on ordinary activities	-23.9	88.7	NS

The Consolidated Management of Investments Division comprises investment activities (including NJR and IRR) and working capital activities (including operating property, COFIBRED and the holding in BPCE).

Profit on ordinary activities excluding non-recurring items was driven by revaluations of unlisted assets in private equity and infrastructure equity, benefiting from the post-Covid recovery, the performance of promising sectors such as technology and healthcare, and the resumption of disposals. Other asset classes that provide recurring income such as ABS/RMBS, bonds and dividends received on listed equities also contributed to the strong results.

Thus, the change in earnings between 2020 and 2021 is mainly due to the good performance of unlisted assets.

NJR (wholly-owned subsidiary)

Income statement: accounting presentation, IFRS standards

In € m	2020	2021	2021 vs 2020
Net banking income	12.3	12.6	2%
Operating expenses	-0.9	-0.9	0%
Gross operating profit	11.4	11.6	2%
Cost of risk	0.3	-0.1	-117%
Corporate income tax	-2.9	-2.9	-1%
Net income	8.8	8.7	-1%

A Belgium-based subsidiary, NJR manages a portfolio invested in liquid ABS (Asset Backed Securities), of which €1.4 billion is eligible for the ECB). NJR's strategy consists of concentrating on very highly rated senior assets and financing the purchase of these assets through repurchase agreements.

NJR increased the size of its portfolio in 2021 from €1.5 billion to €1.8 billion while maintaining the defensive strategy it has pursued for many years. The duration of its portfolio is stable at 1.7 years and the average spread is down at 41 points. The valuation of the portfolio, unchanged compared to 31 December 2020, remains positive at + €2 million.

NBI was up slightly at €12.6 million, given the increase in investment volumes and thanks to the very good performance of the portfolio, which offset the decline in spreads and short-term rates.

Overall, net income amounted to €8.7 million.

IRR (wholly-owned subsidiary)

Income statement: accounting presentation, IFRS standards

In € m	2020	2021	2021 vs 2020
Net banking income	2.3	5.7	148%
Operating expenses	-0.9	-0.7	-28%
Gross operating profit	1.4	5.0	NS
Cost of risk	0.0	0.0	NS
Other items	-3.1	-3.5	14%
Corporate income tax	-0.2	-1.2	NS
Net income	-1.9	0.3	NS

A Belgium-based subsidiary, IRR manages a portfolio invested in real-estate funds.

With the exception of the holding in Aurora, which continues to be subject to additional provisions (€4.7 million), IRR's real estate portfolio generally performed very well in 2021. The fund valuations are up sharply and IRR has also received substantial dividends. The structure's assets were stable and reached €177 million at the end of December, as IRR did not subscribe to new investments in 2021.

After the allocation of structural expenses, net income amounted to €0.3 million.

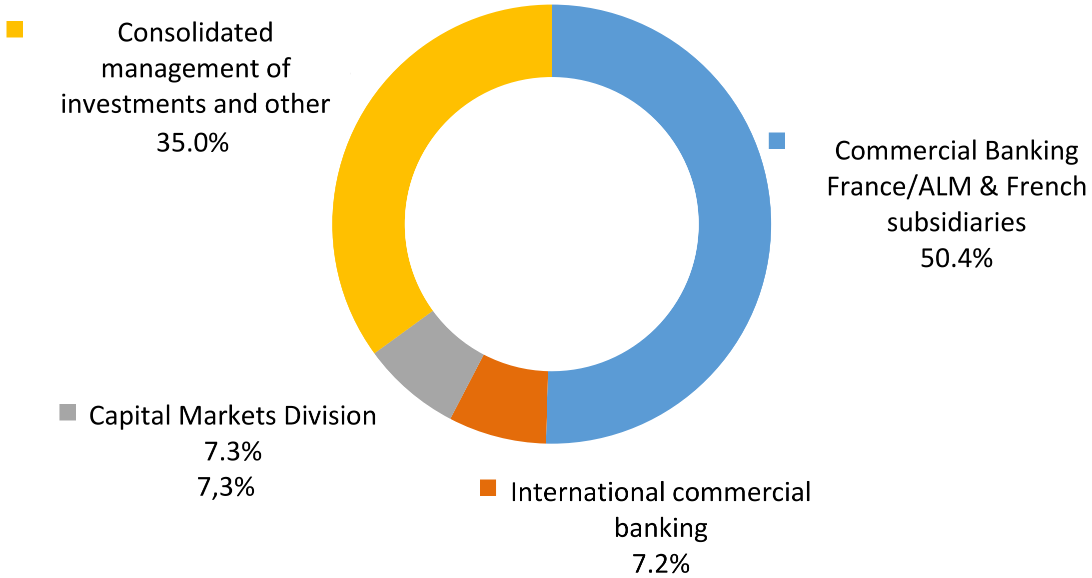
RETURN ON EQUITY OF THE BUSINESS DIVISIONS

Group posted return on regulated equity of 9.9% (excluding non-recurring items). As a proportion of equity as a whole, net income realised by BRED Group generated a return of 7.2%.

In € m	Net income[1] 2021	Capital	Return on capital[2]
Commercial Banking France[3] and its subsidiaries	251.0	2,089.9	12.0%
International and Overseas Territories banking[4]	45.6	299.7	15.2%
Capital Markets Division	49.5	304.1	16.3%
Consolidated Management of Investments[5]	64.8	1,452.0	4.5%
Total (allocated equity)	410.8	4,145.7	9.9%
Unused equity		1,567.6	
BRED total	410.8	5,713.3	7.2%

(1) Net profit attributable to the group excluding non-recurring items
(2) Equity requirement calculated as at 31/12/2021
(3) Including ALM
(4) Including international trade financing
(5) Including holding in BPCE

BREAKDOWN OF EQUITY UTILISATION



CONSOLIDATED BALANCE SHEET

Assets – IFRS 9

in billions of euros	2020	2021
Cash and amounts due from Central Banks	0.7	0.7
Financial assets at fair value through profit or loss	9.2	10.6
Hedging derivatives	0.1	0.1
Financial assets at fair value in equity	13.9	13.8
Securities at amortised cost	2.6	2.2
Loans and receivables due from credit institutions and assimilated at amortised cost	11.5	12.6
Loans and receivables due from customers at amortised cost	30.4	34.4
Revaluation adjustments on interest-rate risk hedged portfolio	0.0	0.0
Investments from insurance activities	8.2	8.9
Current tax assets	0.0	0.0
Deferred tax assets	0.1	0.1
Accrued income and other assets	1.4	1.2
Investments in companies accounted for under the equity method	0.4	0.4
Investment property	0.0	0.0
Tangible assets	0.4	0.4
Intangible assets	0.0	0.0
Goodwill	0.0	0.0
Total assets	78.9	85.5

Liabilities – IFRS 9

in billions of euros	2020	2021
Amounts due to Central Banks	0.0	0.0
Financial liabilities at fair value through profit or loss	3.9	2.6
Hedging derivatives	0.3	0.6
Debt securities	9.0	7.3
Amounts due to credit institutions and customers	14.3	19.5
Amounts due to customers	36.9	39.8
Revaluation adjustments on interest-rate risk hedged portfolio	0.0	0.0
Current tax liabilities	0.0	0.0
Deferred tax liabilities	0.0	0.0
Accrued expenses and other liabilities	1.4	1.3
Liabilities directly linked to non-current assets held for sale	0.0	0.0
Liabilities relating to policies in insurance activities	7.9	8.4
Provisions	0.2	0.2
Subordinated debt	0.0	0.0
Equity	5.0	5.8
Equity Group share	5.0	5.7
Capital and share premium account	1.4	1.5
Consolidated reserves	3.4	3.6
Gains or losses recognised directly in equity	-0.0	0.2
Income for the period	0.3	0.4
Non-controlling interests	0.0	0.0
Total liabilities	78.9	85.5

The total consolidated balance sheet of BRED Group amounted to €85.5 billion at 31 December 2021, up 8.4% (€6.6 billion) compared with 31 December 2020.

On the asset side, there was a significant increase in customer loans and receivables at amortised cost, up €4 billion, particularly real estate loans (up 13% or + €1.6 billion), equipment loans (up 13% or + €0.9 billion) and cash facilities (up 3% or + €0.2 billion), related to the increase in production. On the liabilities side, debts to customers increased by €2.8 billion, driven by the increase in demand deposit and savings accounts.

Loans and receivables due from credit institutions increased by €1.1 billion due to the subscription of term loans with BPCE for €3.3 billion in 2021.

The increase in asset items at fair value through profit or loss and equity stems from the purchase of treasury bills and negotiable debt securities.
Asset items at fair value through equity remained relatively stable. Indeed, the decrease in treasury bills, due to the maturing of OATi, was offset by an increase in equities and equity securities.

In the liabilities section, the debt securities were down by €1.7 billion as a result of the decrease in negotiable certificates of deposit issued. Amounts due to credit institutions increased sharply (up €5.2 billion) due to the purchase of term loans with BPCE for €3.3 billion.

BRED Group's shareholders' equity amounted to €5,750 million compared with €5,008 million as at 31 December 2020. This change resulted from a €120 million capital increase (including cooperative shares issued for €113 million and the incorporation of reserves for €7 million), the inclusion of income and the change in unrealised capital gains or losses. Minority interests stood at €37 million as at 31/12/2021 (up by €10 million compared with 2020).
Given the consolidated profit for financial year 2021 of €412.4 million and a balance sheet total of €85.5 billion, the asset return ratio amounts to 0.48%.

SOLVENCY AND LIQUIDITY

Equity and capital adequacy ratios

The Basel III regulation came into force on 1 January 2014. Solvency ratios are therefore presented in accordance with that regulation for the financial years 2020 and 2021.
The following definitions are derived from the Basel III regulations, provisions for which have been incorporated into the European Directive 2013/36/EU (CRDIV) and Regulation No. 575/2013 (CRR) of the European Parliament and of the Council, as amended by EU Regulation No. 2019/876 (CRR2). All credit institutions in the European Union are subject to compliance with the prudential requirements defined in these texts since 1st January 2014.

Credit institutions subject to the CRD are accordingly required to continuously observe:
- the Common Equity Tier 1 ratio (CET1);
- the Tier 1 ratio, i.e. CET1 plus additional Tier 1 capital (AT1);
- the total capital adequacy ratio, i.e. Tier 1 plus Tier 2 capital.

Added to the above are capital buffers at the discretion of the national regulator. These include:
- a capital conservation buffer;
- a counter-cyclical buffer;
- a buffer for institutions of systemic significance.

The first two buffers concern all institutions on an individual or consolidated basis.

The ratios are determined by dividing regulatory capital and by the sum of:
- credit and dilution risk-weighted assets;
- capital requirements for the prudential supervision of market risks and operational risk, multiplied by 12.5.

Through 31 December 2019, these ratios were subject to a phase-in calculation aimed at gradually transitioning from Basel 2.5 to Basel III.

Credit institutions are required to comply with the following minimum ratio levels:

- Capital ratios before buffers: since 2015, the minimum Tier 1 capital ratio (CET1 ratio) is 4.5%. Similarly, the minimum Tier 1 capital ratio (Q1 ratio) is 6%. Finally, the minimum total capital ratio (overall ratio) is 8%.
- Capital buffers: they were applied progressively since 2016 to be finalised in 2019:
  - The capital conservation buffer for common equity Tier 1 capital is now equal to 2.5% of the total amount of risk exposure.
  - The counter-cyclical buffer equates to a weighted average of exposures at default (EAD) of the buffers defined at the level of each of the countries in which the institution operates. Because of the public health crisis, the Haut Conseil de Stabilité Financière (financial stability board) lowered this counter-cyclical buffer for France at 0% for 2021.
  - The specific countercyclical buffer rate applicable to BRED is 0.01% as at 31/12/2021.
  - For 2021, the minimum capital ratios to follow are thus 7.01% for the CET1 ratio, 8.51% for the Tier 1 ratio and 10.51% for the overall establishment ratio.

Responsibility in terms of solvency

First, as a credit institution, BRED is responsible for its level of solvency, which it must maintain above the minimum regulatory standard. It possesses different levers for this purpose: issue of shares, allocation to reserves during appropriation of annual earnings, subordinated loans and management of weighted risks.

Second, as a result of its affiliation with the central body of the group, its solvency is also guaranteed by BPCE SA (see Monetary and Financial Code, Article L. 511-31). Thus, as necessary, an affiliated establishment may benefit from the implementation of a guarantee and shared support mechanism specific to the BPCE Group (see Monetary and Financial Code, Article L. 512-107, paragraph 6), which brings together the capital of all of the establishments of the Banque Populaire and Caisse d'Epargne networks.

Capital

In accordance with regulatory definitions, the total capital is divided in three categories: Tier 1 core capital (CET1), additional Tier 1 capital (AT1) and Tier 2 capital (T2), from which are deducted holdings in other banking institutions (essentially the equity interest in BPCE SA).

At 31 December 2021, BRED Group's overall capital amounted to €4,995.4 million.

In € m	2020 B3 phased in	2021 B3 phased in
Capital	1,375.7	1,495.9
Consolidated reserves	3,364.6	3,614.3
IAS/IFRS impact on retained earnings	-29.4	190.7
Net income for the year	270.1	412.4
Proposed distribution of dividends	-17.4	-17.6
Consolidated equity	**4,963.6**	**5,695.7**
Intangible fixed assets and other deductions	-34.6	-35.1
Goodwill	0	-17.8
Equity instruments held in financial sector entities to be deducted from CET1	-317.9	-531.1
Negative difference between provisions and expected losses as per Basel III prudential calculations	-28.8	-32.3
Additional value adjustments in respect of prudent measurement of the trading portfolio's positions	-36	-42.7
Insufficient coverage for non-performing exposures - Pillar 1 Backstop	0	-0.8
Insufficient coverage for non-performing exposures - Pillar 2 Backstop	0	-22.4
Items deducted from Tier 2 exceeding Tier 2 capital	0	0
Items deducted from AT2 exceeding AT1 capital	-14.1	-83.1
Deferred tax assets on temporary differences not covered by the allowance	0	0
Other adjustments to deductions	1.9	-2.1
Common Equity Tier I (CET1)	**4,534.1**	**4,928.3**
Additional Tier 1 (AT1) instruments	**0**	**0**
Tier 2 capital (Tier 2) before deductions	**0**	**0**
Equity instruments held in financial sector entities to be deducted from Tier 2	-4.2	-2.3
Positive difference between provisions and expected losses as per Basel III prudential calculations	64.4	68.9
Items deducted from Tier 2 capital exceeding Tier 2 capital	0	0
Other adjustments (1)	0.9	0.5
Tier 2 capital	**61.1**	**67.1**
Total regulatory capital	4,595.2	4,995.4

(1) *The asset maintenance clause: certain instruments are no longer eligible as equity since the new regulations took effect. In accordance with the asset maintenance clause, these instruments are progressively excluded over a period of 8 years, with a decrease of 10% per year.*

Common Equity Tier 1 (CET1) capital

Tier 1 core capital (CET1) Common Equity Tier 1 (CET1) mainly equates to share capital, shareholders' issue premiums, reserves and retained earnings. It takes certain deductions into account, notably related to intangible assets, deferred taxes dependent on future profits, prudential filters, negative amounts resulting from insufficient provisions with regard to the expected losses and participations in eligible banking, financial and insurance institutions in accordance with the rules covering allowances and the transitional period.

At the close of 2021, CET1 capital after deductions stood at €4,928.3 million:

31/12/2020 – in €m	4,534.1
Issue of shares and incorporation of reserves	120.1
Income net of proposed dividend payout	142.1
Other items	132.0
31/12/2021	4,928.3

- Share capital stands at €1,496 million, a rise of €120 million over the year due to the capital increase;
- Reserves stand at €3,614 million before appropriation of 2021 earnings, an increase of €250 million over 2020;
- Unrealised capital gains and other recyclable reserves increased by €220 million. This uptick is mainly due to the increase in the valuation of BPCE shares;
- deductions stood at €767 million at the end of 2021. The deduction net of allowance on equity interests stands at €531 million. On particular as BRED is a shareholder of BPCE SA, the amount of securities held is deducted from its capital due to the same euro being unable to cover risks in two different institutions. This rise in this deduction is mainly due to the increase in the valuation of BPCE shares.
- Insurance investments are treated in accordance with the Danish compromise and are therefore no longer deducted from core capital but risk weighted at 370%.

Additional Tier 1 (AT1) capital

The additional Tier 1 (AT1) capital is composed of subordinated instruments issued in accordance with strict eligibility criteria, issue premiums related to AT1 elements and deductions of equity interests in eligible banking, financial and insurance institutions in strict accordance with the rules covering allowances and the transitional period.

BRED did not have any AT1 capital at the end of 2021. The subscription to the BPCE AT1 issue therefore impacts CET1 for an amount of €83 million net of allowance.

Tier 2 (T2) capital

Tier 2 capital equates to subordinated debt instruments of a minimum duration of five years. Since the end of 2018, BRED no longer has Tier 2 capital consisting of subordinated loans. 2021 Tier 2 capital consists of the positive difference between the “Expected Loss” and the accounting provisions on performing or doubtful loans, minus deductions on securities.

Capital requirements

For the purposes of regulatory solvency calculations, three types of risks must be measured: credit risks, market risks and operating risks. These risks are respectively calculated from the amount of outstanding loans, the trading portfolio and the institution’s net banking income.
Weighted risks are calculated according to regulatory methods.

At the close of 2021, BRED Group weighted risks stood at €29,781 million under the Basel III regulations (i.e. capital requirement of €2,382.5 million), an increase of €3,622 million. This rise is the result of the continued dynamism of the credit business in 2021 and by the further growth of the BRED Group in France and abroad.

Basel III regulations also introduced an additional capital requirement, notably including:
- €6.6 million in respect of the credit value adjustment (CVA): the CVA is an accounting correction of the mark-to-market value of derivatives to integrate the costs of counterparty risk that varies with changes in the counterparty’s credit quality (change in spreads or ratings). Basel III regulations stipulate an additional capital requirement intended to cover the volatility risk of credit evaluation.

- €91 million in respect of allowances related to deferred tax assets depending on future taxable income linked to temporary differences and financial investments greater than 10%. Furthermore, items covered by the allowance are weighted at 250%.

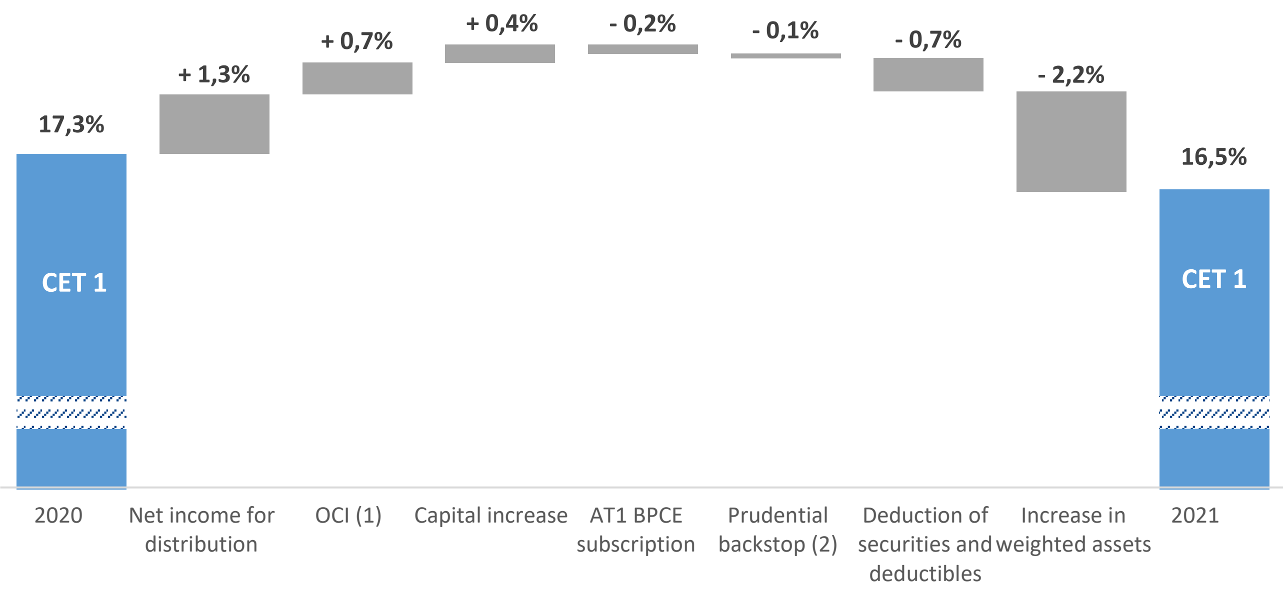
Capital adequacy ratio

As BRED Group's prudential capital was mainly composed of CET1 core capital at 31/12/2021, its overall capital adequacy ratio is slightly above its CET1 capital adequacy ratio.
It stood at the healthy level of 16.77% at the end of the period (higher than the regulatory minimum for 2020), a rise of 0.8 point over the year.

In € m	2020 B3 phased in	2021 B3 phased in
Common Equity Tier 1 (CET 1) capital	4,534.1	4,928.3
Additional Tier 1 (AT1) instruments	0.0	0.0
Tier 2 capital after deductions	61.1	67.1
Regulatory capital	4,595.2	4,995.4
Credit and counterparty risk	22,899.5	25,994.3
Market risk	1,205.9	1,561.1
Operational risk	2,053.9	2,225.5
Total requirements	26,159.3	29,780.8
Overall ratio	17.57%	16.77%
of which, Common Equity Tier 1 ratio	17.33%	16.55%

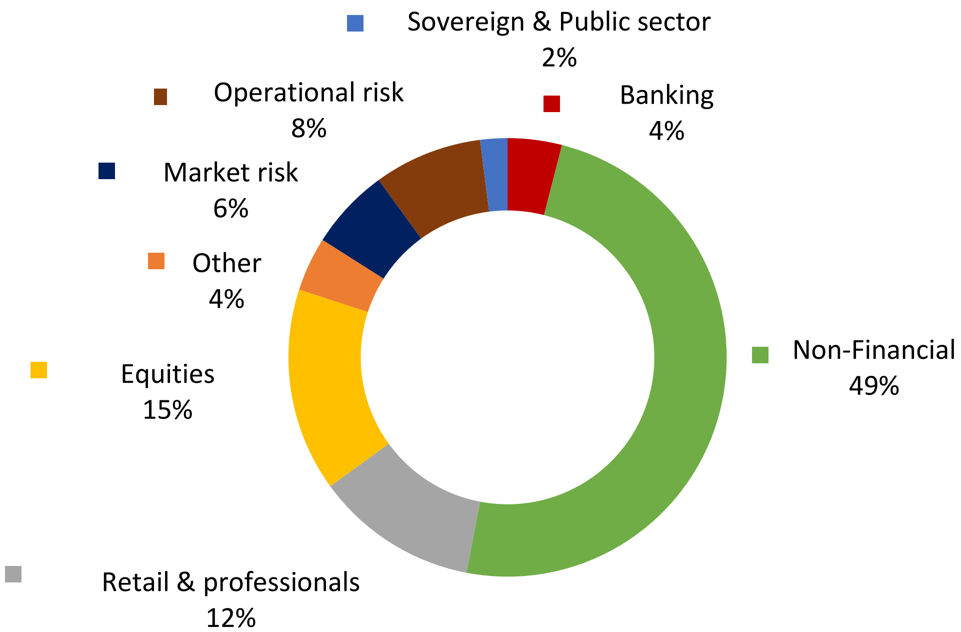
The decrease in the ratio was due to a significant increase in risk-weighted assets and new deductions compared to 2020, particularly the subscription of AT1 BPCE and the prudential backstop.
This sound ratio demonstrates BRED's great capacity to create capital by allocating earnings to reserves and by issuing shares to its members.

Solvency ratio: 2020 vs. 2021



(1) The increase in valuation of BPCE securities in Q4 2021 resulted in an increase in OCIs and deductions of securities
(2) Impact of Pillar 2 prudential backstop deducted from CET1 as at 31/12/202

Weighted risks excluding allowances - Basel III capital adequacy



Total RWA €29.8 billion, including €3.2 billion in allowances

Leverage ratio

The main purpose of the leverage ratio is to serve as an additional risk measurement for determining regulatory capital requirements. CRR Article 429, which sets forth the calculation method for the leverage ratio, was amended by Commission Delegated Regulation (EU) 2015/62 of 10 October 2014.

The coming into force of the Capital Requirements Regulation, known as CRR2, makes the leverage ratio a binding requirement applicable since 28 June 2021. The minimum requirement for this ratio to be met at all times is 3%.
This regulation allows for certain exemptions in the calculation of exposures, including:

- Regulated savings transferred to the Caisse des Dépôts et Consignation for the total amount centralised;
- Central Bank exposures for a limited period (by virtue of ECB Decision 2021/27 of 18 June 2021);
- Transactions carried out with other Groupe BPCE establishments with a 0% weighting in the calculation of risk-weighted assets.

The leverage ratio is determined by dividing Tier 1 capital by exposures, which consist of assets and off-balance sheet items, after restatements of derivatives, securities financing transactions and items deducted from capital.
At 31 December 2021, the leverage ratio based on Tier 1 capital taking into account transitional provisions stood at 7.84%.
The good increase of 1.75 points results from the capital strengthening in 2021 and the application of new exemptions.

In € m	2020 B3 phased in	2021 B3 phased in
Tier 1 core capital	4,534.1	4,928.3
Leverage exposures	74,430.2	62,897.2
Leverage ratio	6.09%	7.84%

Liquidity

The business model of commercial banking in France is based on maintaining a prudent structure in the form of a balanced customer loan/deposit ratio. The loans/deposits ratio excluding financial customers benefited from the good performance of mobilisations of funds and stood at 108% at 31 December 2021.

BRED’s LCR (Liquidity Coverage Ratio) stood at 138% at 31 December 2021 for a regulatory minimum requirement of 100%.

BRED’s NSFR stood at 109% at 31 December 2021 for a regulatory minimum requirement of 100%.

CONTROL AND MANAGEMENT PROCEDURES RELATED TO ACCOUNTING AND FINANCIAL INFORMATION

Roles and responsibilities in the preparation and processing of accounting and financial information

BRED's accounting organisation is decentralised.

Company financial statements

BRED's accounting information system is structured in a sufficiently granular manner to allow regular monitoring of transactions and to meet all accounting and regulatory requirements.

The banking production departments determine the accounting entries for banking transactions with assistance from the accounting department and request the opening of the accounts that they judge necessary.

BRED Group's General Accounting Department is responsible for the chart of accounts, ensuring its integrity is preserved; it checks that the modus operandi defined for the accounts is appropriate and consistent.
The production of accounting and financial information is entrusted to several members of staff, each independent of one another, coordinated by the CFO.

The production of this information is organised as follows:

- the financial statements are prepared by the General Accounting Department. The accounts that are the basis of these documents are monitored and controlled at the first level by the banking production departments;
- in conjunction with the General Accounting Department, Management Control produces financial information related to market activities. A dedicated back office manages the accounts that provide the basis for this activity;
- a dedicated committee (the Market Activities Accounting Organisation Committee), comprising the back office, Management Control and the General Accounting Department, meets periodically to examine accounting issues specific to these activities.

Consolidated financial statements

The accounting information needed to prepare BRED Group's consolidated financial statements and to contribute to those of the BPCE Group is recorded in the consolidation application used by all BPCE entities.

The General Accounting Department is responsible for monitoring the internal consistency of the consolidation scopes, charts of accounts, accounting methods and analyses used by all BRED consolidated entities in compliance with BPCE Group standards.

Regulatory and tax reports

The General Accounting Department is the main party responsible for producing regulatory and tax reports.
Certain regulatory reports on liquidity ratios or major risks are the responsibility of ALM and the Risk Department respectively.

Integrated reports

Integrated reports are forwarded to General Management and form the basis of the presentation of the accounts made by the CFO to the Board of Directors.

Control processes for accounting and financial data

The process for controlling accounting and financial data mirrors the general organisation of BRED Group's internal control system and complies with the legal and regulatory requirements ensuing, in particular, from the Monetary and Financial Code and the Decree dated 3 November 2014 covering internal control.

Financial audit

A second-level branch of permanent control, Financial Audit reports hierarchically to the CFO on its responsibilities for helping to ensure the production of reliable accounting and financial data. This department reports functionally to the Head of Risk, Compliance & Permanent Control.

BRED Group Financial Audit applies the BPCE Group guidelines on the quality of accounting information validated by the Group Internal Control Coordination Committee (3CIG dated 17 June 2020). Financial Audit takes part in the control process of the following domains: company accounts, consolidated statements, regulatory reporting, tax returns and accounting fraud. The remit of Financial Audit covers BRED Group as a whole, i.e. BRED SA and its subsidiaries. The monitoring of subsidiaries covers those identified as falling within the coordinating remit of Financial Audit in accordance with the criteria and thresholds defined by the BPCE Group.

Financial Audit's work is structured around the mapping of accounting, regulatory and fiscal risks using a methodology that reflects the materiality, inherent risks and internal control risks of each accounting or regulatory item or fiscal document.

It is organised around a central team and permanent control officers who report to the subsidiaries or the relevant operational departments. To fulfil its duties, Financial Audit draws on the control work performed within the Finance Department and the work carried out by the other risk domains when necessary.

The Financial Audit central team is responsible for supervising the functional link with the permanent controllers. This functional link in particular ensures regular reporting by the permanent control officers according to formats, methodology and instructions that it determined as a function of the various BPCE Group requirements. Financial Audit is also involved in the appointment and individual assessment of the permanent control officers concerned.

Financial Audit is also responsible for internal communication with BRED Group's various control functions, including the Audit and Accounts Committee. It is responsible for communication on accounting and financial control matters to BPCE, the statutory auditors and the supervisory authorities. Financial Audit is also responsible for monitoring the appointment and renewal of the statutory auditors in accordance with the rules defined in BPCE standards.

POST-CLOSING EVENTS

None

OUTLOOK

2021 was marked by an economic recovery and favourable trends on the financial markets, following the historic recession of 2020 triggered by the Covid-19 pandemic. However, the end of the year saw the emergence of inflationary pressures and a resurgence of health uncertainties, with further mutations of the virus. With less catch-up potential in 2022, growth could also be affected by a gradual withdrawal of support measures.

In this context, BRED is all the more committed to supporting the regions in which it operates, both in France and internationally. Buoyed by its banking without distance model, our bank will continue to deepen the comprehensive, local and value-added relationship it forms with its customers.

The BRED Group is also prioritising opportunities digital transformation, in order to simplify and customise services and solutions, giving customers greater autonomy, generating new income and increasing efficiency.

The confidence that BRED has earned from its members, as demonstrated by the latest successful capital increase in 2021, gives it the means to achieve its ambitions.

This outlook could also be impacted by the geopolitical context. At the end of February 2022, the Russian Federation launched a major military action in Ukraine.

While Ukraine is not a member of NATO, the Western response has been strong. In a concerted manner, the European Union, the United States and many other states have adopted a series of unprecedented sanctions, including the freezing of foreign assets of the Russian Central Bank, the exclusion of Russian banks from SWIFT, and multiple Western groups announcing their withdrawal from the Russian Federation.

Even though the key issue of energy and natural gas remains outside the scope of the measures taken for the time being, the United States and the United Kingdom have announced their intention to ban Russian oil and gas imports. In addition, new economic measures and sanctions could be adopted, including by the European Union and the United States, as well as retaliatory economic measures and sanctions by the Russian Federation. This conflict could have major consequences for the Russian economy, but also for the Western economies and, more generally, the global economy. The risks of a payment default on Russia's debt, rising inflation and the loss of purchasing power for the population in Russia are significant. A question mark hangs over growth prospects while increased inflationary pressure cannot be ruled out in both the US and Europe.

In addition, risk related to the expropriation measures that the Russian authorities could take vis-à-vis foreign companies, in retaliation for Western sanctions, has been mentioned.

As of 28 February 2022, with the exception of a few marginal exposures on retail customers who are nationals of Russia, Ukraine or Belarus, BRED Group has no exposure to Russian, Ukrainian or Belarusian counterparties such as corporates, sovereigns or financial institutions.

SITE-SPECIFIC INFORMATION

Information related to operations by countries pursuant to Article L.511-45 of the Monetary and Financial Code is presented in the BPCE Group's universal registration document.

EXPENSES NOT DEDUCTIBLE FOR TAX PURPOSES

Disclosure of excessive expenditure

In accordance with the provisions of Article 223 quarter of the French General Tax Code, the financial statements for the fiscal year ending on 31 December 2021 include a charge of €138,822 which corresponds to excessive expenditures that are not deductible for tax purposes.

Consequently, the tax incurred as a result of said expenditure and expenses is €39,436.

These excessive expenditures correspond to the non-deductible portion of rents on BRED Banque Populaire's service vehicles.

PAYMENT TIMES FOR SUPPLIERS AND CUSTOMERS

Supplier payment times

In euros	1 to 30 days	31 to 60 days	61 to 90 days	91 days +	Total
(A) Late payment brackets					
Number of invoices affected					716
Total value of invoices affected (including tax)	4,484 851	461,756	90,892	910,144	5,947 643
(B) Invoices excluded from (A) relating to disputed or unrecorded liabilities and receivables					
Number of invoices excluded	None				
Total value of invoices excluded	None				
(C) Reference payment terms used (contractual or legal – Article L.441-6 or Article L.443-1 of the French Commercial Code)					
Payment terms used to calculate late payment penalties	Contractual payment terms: 30 days from date of invoice				

Customer payment times

The only invoices issued by BRED that do not relate to banking transactions are those relating to intra-group transactions, which are mainly debited. Invoices not paid by 31 December 2021 are not significant.

INFORMATION ABOUT INACTIVE ACCOUNTS ON OUR BOOKS

In accordance with Articles L.312-19, L.312-20 and R.312-21 of the Monetary and Financial Code, information relating to the inactive accounts on our books is as follows.

	At 31/12/2021
Number of inactive accounts open in the institution's books	49,749
Total outstandings recorded in the said inactive accounts	€96,982,204.27
Number of accounts whose credit balances have been deposited with Caisse des Depots et Consignations	1,802
Total amount of funds deposited with Caisse des Depots et Consignations	€3,530,919.59

3

Annual consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS

1.1 - Consolidated income statement

in thousands of euros	*Notes*	2021 financial year	2020 financial year
Interest and similar income	*4.1*	1,487,068	977,938
Interest and similar expense	*4.1*	-789,234	-360,678
Fee and commission income	*4.2*	522,476	458,305
Fee and commission expense	*4.2*	-139,568	-127,406
Net gains or losses on financial instruments at fair value through profit or loss	*4.3*	213,944	99,060
Net gains or losses on financial instruments at fair value through equity	*4.4*	55,747	95,223
Net gains or losses from the derecognition of financial assets at amortised cost	*4.5*	2,941	0
Net gains or losses resulting from the reclassification of financial assets at amortised cost in financial assets at fair value through profit or loss	*5.7*	-	-
Net gains or losses resulting from the reclassification of financial assets at fair value through equity in financial assets at fair value through profit or loss	*5.7*	-	-
Net income from insurance activities	*9.2.1*	130,563	150,733
Income from other activities	*4.6*	16,615	15,006
Expenses from other activities	*4.6*	-44,466	-25,112
Net banking income		**1,456,086**	**1,283,070**
Operating expenses	*4.7*	-735,650	-705,036
Depreciation, amortisation and impairment for property, plant and equipment and intangible assets		-67,280	-65,472
Gross operating income		**653,155**	**512,562**
Cost of credit risk	*7.1.1*	-124,144	-161,559
Operating income		**529,011**	**351,003**
Share in net income of associates and joint ventures accounted for under the equity method	*12.4. 2*	26,935	18,902
Net gains or losses on other assets	*4.8*	722	5,224
Change in the value of goodwill	*3.5.2*	0	0
Profit before tax		**556,668**	**375,128**
Income tax expense	*11.1*	-142,271	-104,840
Net tax income from discontinued operations		0	0
Net income		**414,397**	**270,288**
Non-controlling interests	*5.17*	-1,958	-150
Net income (group share)		**412,440**	**270,139**

1.2 - Comprehensive income

in thousands of euros	2021 financial year	2020 financial year
Net income	**414,397**	**270,289**
Items that can be recognised in net earnings	**9,833**	**-10,835**
Translation differences	991	-6,197
Revaluation of financial assets at fair value through equity that can be recycled	-1,987	15,105
Revaluation of available-for-sale assets from insurance activities	4,910	1,582
Revaluation of derivative hedges of items that can be recycled	406	-10,003
Share of gains or losses recognised directly in equity of companies accounted for under the equity method	4,352	-7,952
Other items recognised in equity that can be recycled	0	
Related taxes	1,162	-3,370
Items that cannot be recognised in net earnings	**210,025**	**-185,142**
Revaluation of intangible assets	0	
Revaluation (or actuarial gains or losses) relating to defined-benefit schemes	23,889	-1,804
Revaluation of the credit risk on financial liabilities recognised at fair value through profit or loss	0	
Revaluation of equity financial assets recognised in financial assets at fair value through equity	200,876	-189,249
Share of gains or losses recognised directly in equity of companies accounted for under the equity method	-723	-393
Other items recognised through other comprehensive income on items not recyclable to income	0	
Related taxes	-14,016	6,304
Total gains and losses recognised directly in equity	**219,858**	**-195,977**
COMPREHENSIVE INCOME	**634,256**	**74,312**
Attributable to equity holders of the parent company	632,574	76,461
Non-controlling interests	1,681	-2,149

1.3 - Consolidated balance sheet

ASSETS

in thousands of euros	*Notes*	12/31/2021	12/31/2020
Cash and amounts due from central banks	*5.1*	738,824	701,807
Financial assets at fair value through profit or loss	*5.2.1*	10,619,751	9,160,913
Hedging derivatives	*5.3*	99,569	123,866
Financial assets at fair value in equity	*5.4*	13,763,747	13,898,050
Securities at amortised cost	*5.5.1*	2,219,740	2,646,667
Loans and receivables due from credit institutions and assimilated at amortised cost	*5.5.2*	12,624,164	11,469,997
Loans and receivables due from customers at amortised cost *	*5.5.3*	34,421,351	30,370,965
Revaluation adjustments on interest-rate risk hedged portfolio		2,118	3,476
Investments from insurance activities	*9.1.1*	8,850,843	8,206,859
Current tax assets		17,259	34,864
Deferred tax assets	*11.1*	94,926	117,550
Accrued income and other assets	*5.7*	1,249,694	1,401,477
Non-current assets held for sale	*5.8*	0	0
Investments in companies accounted for under the equity method	*12.4.1*	411,654	381,464
Investment property	*5.9*	2,191	2,344
Tangible assets	*5.10*	355,964	352,026
Intangible assets	*5.10*	32,837	32,999
Goodwill		0	0
TOTAL ASSETS		**85,504,632**	**78,905,324**

* Change in presentation compared to the financial statements published in 2020 (see note 5.5.3).

LIABILITIES

in thousands of euros	*Notes*	12/31/2021	12/31/2020
Central banks		7	6
Financial liabilities at fair value through profit or loss	*5.2.2*	2,593,498	3,903,730
Hedging derivatives		612,313	344,944
Debt securities	*5.11*	7,348,086	8,953,591
Amounts due to credit institutions and customers	*5.12.1*	19,493,231	14,309,893
Amounts due to customers	*5.12.2*	39,764,960	36,930,813
Revaluation adjustments on interest-rate risk hedged portfolio		8,844	14,410
Current tax liabilities		3,686	1,338
Deferred tax liabilities		3,251	1,992
Accrued expenses and other liabilities *	*5.13*	1,334,311	1,385,061
Liabilities directly linked to non-current assets held for sale		0	0
Liabilities relating to policies in insurance activities	*09/01/2011*	8,415,511	7,859,693
Provisions	*5.14*	170,165	185,561
Subordinated debt	*5.15*	6,462	6,554
Equity		**5,750,307**	**5,007,738**
Equity attributable to equity holders of the parent company		***5,713,370***	**4,980,998**
Capital and share premium account		*1,503,349*	1,383,200
Consolidated reserves		*3,606,859*	3,357,072
Gains and losses posted directly in other comprehensive income		*190,722*	-29,413
Income for the period		*412,440*	270,139
Non-controlling interests		**36,937**	26,740
TOTAL LIABILITIES AND NET EQUITY		**85,504,632**	**78,905,324**

* Change in presentation compared to the financial statements published in 2020 (see note 5.5.3).

1.4 - Statement of changes in members' equity

in thousands of euros	Capital and share premium account: Capital (1)	Premiums (1)	Preferred shares	Undated deeply subordinated securities	Consolidated reserves
Equity at 1 January 2020	**1,361,628**	**7,482**	**0**	**0**	3,352,792
Distribution (1)	14,090	0		0	-17,379
Capital increase	0	0	0	0	0
Other movements	0	0	0	0	16,753
Impact of acquisitions and disposals on non-controlling interests	0	0	0	0	0
Total movements linked to relations with members	***14,090***	***0***	***0***	***0***	**-626**
Gains and losses posted directly in other comprehensive income	0	0	0	0	**0**
Income for the period	0	0	0	0	**0**
Comprehensive income	***0***	***0***	***0***	***0***	**0**
Other changes	***0***	***0***	***0***	***0***	**4,906**
Equity at 31 December 2020	**1,375,718**	**7,482**	**0**	**0**	**3,357,073**
Allocation of profit or loss for the year	0	0	0	0	**270,139**
Effects of changes in method used to calculate employee benefit obligations					**3,130**
Equity at 1 January 2021	**1,375,718**	**7,482**	**0**	**0**	**3,630,341**
Distribution (2)	0	0	0	0	**-17,569**
Capital increase	120,149	0	0	0	**-7,144**
Other movements	0	0	0	0	**0**
Impact of acquisitions and disposals on non-controlling interests	0	0	0	0	**0**
Total movements linked to relations with members	***120,149***	***0***	***0***	***0***	**-24,713**
Gains and losses posted directly in other comprehensive income	0	0	0	0	**0**
Income for the period	0	0	0	0	**0**
Comprehensive income	***0***	***0***	***0***	***0***	**0**
Other changes	0	0	0	0	**1,231**
Equity at 31 December 2021	**1,495,867**	**7,482**	**0**	**0**	**3,606,859**

in thousands of euros	Gains and losses posted directly in other comprehensive income – Recyclable: Translation reserves	Financial assets of debt at fair value through equity	Available-for-sale assets from insurance activities	Change in fair value of hedging derivatives	Non-recyclable: Equity financial assets recognised in financial assets at fair value through equity	Revaluation of the credit risk on financial liabilities recognised at fair value through profit or loss	Revaluation reserve on social liabilities	Net income (group share)	Total shareholders' equity (group share)	Non-controlling interests	Total consolidated capital
Equity at 1 January 2020	**3**	**28,316**	**5,606**	**5,857**	**146,178**	**0**	**-21,695**	**0**	4,886,167	**26,265**	4,912,432
Distribution (1)	0	0	0	0	0	0	0	0	-3,289	0	-3,289
Capital increase	0	0	0	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0	16,753	0	16,753
Impact of acquisitions and disposals on non-controlling interests	0	0	0	0	0	0	0	0	0	0	0
Total movements linked to relations with members	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	**13,464**	***0***	**13,464**
Gains and losses posted directly in other comprehensive income	-9,728	10,973	1,175	-10,956	-183,648	0	-1,493	0	**-193,678**	-2,299	**-195,977**
Income for the period	0	0	0	0	0	0	0	270,139	**270,139**	150	**270,289**
Comprehensive income	***-9,728***	***10,973***	***1,175***	***-10,956***	***-183,648***	***0***	***-1,493***	***270,139***	**76,461**	***-2,149***	**74,312**
Other changes	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	**4,906**	***2,624***	**7,530**
Equity at 31 December 2020	**-9,725**	**39,289**	**6,781**	**-5,099**	**-37,470**	**0**	**-23,188**	**270,139**	**4,980,998**	**26,740**	**5,007,738**
Allocation of profit or loss for the year	0	0	0	0	0	0	0	-270,139	**0**	0	**0**
Effects of changes in method used to calculate employee benefit obligations									**3,130**	0	**3,130**
Equity at 1 January 2021	**-9,725**	**39,289**	**6,781**	**-5,099**	**-37,470**	**0**	**-23,188**	**0**	**4,984,128**	**26,740**	**5,010,868**
Distribution (2)	0	0	0	0	0	0	0	0	**-17,569**	0	**-17,569**
Capital increase	0	0	0	0	0	0	0	0	**113,005**	0	**113,005**
Other movements	0	0	0	0	0	0	0	0	**0**		**0**
Impact of acquisitions and disposals on non-controlling interests	0	0	0	0	0	0	0	0	**0**	0	**0**
Total movements linked to relations with members	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	**95,436**	***0***	**95,436**
Gains and losses posted directly in other comprehensive income	2,544	-1,897	3,644	5,819	191,587	0	18,438	0	**220,135**	-277	**219,858**
Income for the period	0	0	0	0	0	0	0	412,440	**412,440**	1,958	**414,398**
Comprehensive income	***2,544***	***-1,897***	***3,644***	***5,819***	***191,587***	***0***	***18,438***	***412,440***	**632,575**	***1,680***	**634,255**
Other changes	0	0	0	0	0	0	0	0	**1,231**	8,516	**9,747**
Equity at 31 December 2021	**-7,181**	**37,392**	**10,425**	**720**	**154,117**	**0**	**-4,750**	**412,440**	**5,713,370**	**36,937**	**5,750,307**

(1) On 27 July 2020, the European Central Bank issued recommendation ECB/2020/35, reiterating the position it expressed on 27 March 2020 and asking credit institutions to refrain from paying any cash dividends until 1st January 2021. At 30 September 2020, BRED Banque Populaire distributed €14 million in interest on cooperative shares. This distribution was made by issuing new cooperative shares as a substitute for a full cash payment.

(2) On 15 December 2020, the European Central Bank issued a recommendation (ECB/2020/62) in which it asks institutions to ensure that their distribution to be paid in 2021 does not exceed an impact of 20 basis points on their CET1 ratio, nor 15% of the cumulative profits for 2019

and 2020. Accordingly, the amount of the distribution to be paid in 2021 was subject, for each institution, to prior validation by the ECB. This recommendation expired on 30 September 2021.

1.5 - Statement of cash flows

in thousands of euros	12/31/2021	12/31/2020
Profit before tax	**556,668**	**375,128**
Depreciation and amortisation of property, plant, equipment and intangible assets	68,800	66,565
Goodwill impairment	0	
Net charge to provisions and provisions for impairment (including insurance companies' technical reserves)	543,889	7,913
Share of profit of companies accounted for under the equity method	-20,759	-10,677
Share of net income (loss) of associates	-44,515	-56,930
Net loss (gain) on investing activities	0	
Other movements	-361,683	-210,340
Total non-cash items included in pre-tax income	***185,733***	***-203,469***
Cash flows arising from transactions with credit institutions	2,979,925	6,763,614
Cash flows arising from transactions with customers	-1,221,392	-5,316,413
Cash flows arising from other transactions involving financial assets or financial liabilities	-3,803,363	-1,156,528
Cash flows arising from other transactions involving non-financial assets or non-financial liabilities	451,515	354,042
Tax paid	-99,979	-128,263
Net increase/(decrease) in operating assets and liabilities	***-1,693,283***	***516,452***
Net cash flows generated by operating activities (A) – Ongoing operations	**-950,882**	**688,110**
Net cash flows generated by operating activities (A) – Discontinued operations		
Cash flows related to financial assets and equity interests	247,518	73,128
Cash flows related to investment property	-64	-174
Cash flows related to property, plant, equipment and intangible assets	-45,273	-64,498
Net cash flows generated by investing activities (B) – Ongoing operations	**202,181**	**8,456**
Net cash flows generated by investing activities (B) – Discontinued operations		
Net increase (decrease) arising from transactions with shareholders	100,323	-806
Cash flows from financing activities	505	762
Net cash flows generated by financing activities (C) – Ongoing operations	**100,828**	**-44**
Net cash flows generated by financing activities (D) – Discontinued operations	**-15,442**	**6,167**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	**-663,315**	**702,689**
CASH FLOWS ON ASSETS AND LIABILITIES HELD FOR SALE		
Cash in hand and at central banks	**701,801**	**4,103,355**
Cash and net balance of accounts with central banks (assets)	701,807	
Due to central banks (liabilities)	-6	
Net balance of demand transactions with credit institutions		
Overdrafts on current accounts (1)	4,769,279	1,129,280
Demand accounts and loans	0	
Demand accounts in credit	-1,151,441	-1,615,687
Demand repurchase agreements	0	
Cash and cash equivalents at the start of the year	**4,319,638**	**3,616,949**
Cash in hand and at central banks	**738,964**	**701,800**
Cash and net balance of accounts with central banks (assets)	738,970	
Due to central banks (liabilities)	-7	
Net balance of demand transactions with credit institutions		
Overdrafts on current accounts (1)	3,629,870	4,769,279
Demand accounts and loans	0	
Demand accounts in credit	-712,511	-1,151,441
Demand repurchase agreements	0	
Cash and cash equivalents at year-end	**3,656,324**	**4,319,638**
CHANGE IN NET CASH AND CASH EQUIVALENTS	**-663,315**	**702,689**

(1) The overdrafts on current accounts do not include the funds in the A, Sustainable Development (LDD) and People's Saving (LEP) passbook deposits, centralised within the Caisse des Depots et Consignations.

NOTE 1 - GENERAL BACKGROUND

1.1 - Groupe BPCE

Groupe BPCE comprises the Banque Populaire network, the Caisse d'Epargne network, the BPCE central institution and its subsidiaries.

The two Banque Populaire and Caisse d'Epargne networks

Groupe BPCE is a cooperative group whose cooperative members own the two retail banking networks, comprising the 14 Banque Populaire banks and the 15 Caisses d'Epargne. Each of the two networks owns an equal share in BPCE, the Group's central institution.

The Banque Populaire network consists of the Banque Populaire banks and the mutual guarantee companies granting them the exclusive benefit of their guarantees.

The Caisse d'Epargne network consists of the Caisses d'Epargne and the local savings companies.

The Banque Populaire banks are wholly owned by their cooperative members.

The capital of the Caisses d'Epargne is wholly owned by the local savings companies. The local savings companies are cooperative structures with an open-ended share capital owned by the cooperative members. They are tasked with coordinating the cooperative shareholder base, in line with the general objectives defined by the individual Caisse d'Epargne to which they are affiliated, and they cannot perform banking transactions.

BPCE

BPCE, a central institution as defined by French banking law and a credit institution approved to operate as a bank, was created pursuant to Law no. 2009-715 of 18 June 2009. BPCE was incorporated as a société anonyme with a management board and a supervisory board, whose share capital is owned jointly and equally by the 15 Caisses d'Epargne and 14 Banque Populaire banks.
BPCE's missions are closely linked to the cooperative principles of the Banques Populaires and the Caisses d'Epargne.

Specifically, BPCE represents the interests of its various affiliates in dealings with the supervisory authorities, defines the range of products and services that they offer, organises depositor protection, approves key management appointments and oversees the smooth functioning of the Group's institutions.

As a holding company, BPCE is the head entity of the Group. It owns the subsidiaries common to both networks in local banking and insurance, corporate banking and financial services, and their production entities. It also defines the Group's corporate strategy and growth policy.

The network and BPCE's main subsidiaries are arranged into two major divisions:

- Retail Banking and Insurance, including the Banque Populaire network, the Caisse d'Epargne network, the Solutions & Financial Expertise division (including factoring, consumer credit, leasing, sureties & financial guarantees and the *Retail Securities* business), the Payments and Insurance divisions of Natixis and the Other Networks (mainly Banque Palatine);
- Global Financial Services combining asset and wealth management (Natixis Investment Managers and Natixis Wealth Management) and Corporate & Investment Banking (Natixis Corporate & Investment Banking)

In respect of the Group's financial functions, BPCE is also responsible, in particular, for the centralised management of surplus funds, for the execution of any financial transactions required to develop and refinance the Group and for choosing the best counterparty for these transactions in the interests of the Group. It also provides banking services to other group entities.

1.2 - Guarantee mechanism

As provided for in Articles L. 511-31, L. 512-107-5 and L. 512-107-6 of the French Monetary and Financial Code, the purpose of the guarantee and shared support mechanism is to ensure the liquidity and capital adequacy of Groupe BPCE and its affiliates and to organise the mutual financial support that binds them.

BPCE is responsible for taking all measures necessary to guarantee the capital adequacy of the Group and of each of the networks, including implementing the appropriate internal financing mechanisms within the Group and establishing a mutual guarantee fund common to both networks, for which it determines the working rules, the conditions for the provision of financial support to supplement that of the two networks' existing funds, as well as the contributions of affiliates to the fund's initial capital and reconstitution.

BPCE therefore manages the Banque Populaire Network Fund and the Caisse d'Epargne Network Fund and has put in place the Mutual Guarantee Fund.

The **Banques Populaires Network Fund** consists of a deposit of €450 million by the banks in the books of BPCE in the form of an indefinitely renewable 10-year term deposit.

The **Caisse d'Epargne Network Fund** consists of a deposit of €450 million by the Caisses d'Epargne in the books of BPCE in the form of an indefinitely renewable 10-year term deposit.

The **Mutual Guarantee Fund** consists of deposits made by the Banques Populaires and Caisses d'Epargne in the books of BPCE in the form of indefinitely renewable ten-year term deposits. The amount of deposits per network is €172 million at 31 December 2021.

The total amount of deposits made with BPCE in respect of the Banque Populaire Network Fund, the Caisse d'Epargne Network Fund and the Mutual Guarantee Fund may not be less than 0.15% or more than 0.3% of the Group's total risk-weighted assets.

In the entities' individual financial statements, deposits made under the guarantee and shared support mechanism are recognised in equity under a separate heading.

Mutual guarantee companies (sociétés de caution mutuelle) whose sole corporate purpose is to guarantee loans issued by Banque Populaire banks, are covered by the liquidity and solvency adequacy guarantee in their capacity as affiliates of the central institution.

The liquidity and capital adequacy of the local savings companies are guaranteed in respect of each savings company by the Caisse d'Epargne of which the savings company in question is the shareholder.

BPCE's Management Board has full powers to mobilise the resources of the various contributors without notice and in the agreed order, based on the prior authorisations given to BPCE by said contributors.

1.3 - Significant events

Increase in the capital of BRED Banque Populaire

In August 2021, BRED Banque Populaire raised its share capital to €1,495,866,772.29 through a cash capital increase and the capitalisation of reserves.

Cash subscriptions amounted to €113,005,379.32. The incorporation of reserves was €7,143,585.35.

The share capital is divided into one hundred forty-two million eight hundred seventy-one thousand seven hundred seven (142,871,707) shares with a par value of ten euros and forty-seven cents (€10.47) each, fully paid up and all of the same category.

1.4 - Events after the end of the reporting period

There are no events after the end of the reporting period.

NOTE 2 - APPLICABLE ACCOUNTING STANDARDS AND COMPARABILITY

2.1 - Regulatory framework

BRED Group's consolidated financial statements have been prepared in accordance with the *International Financial Reporting Standards* (IFRS) as adopted by the European Union and applicable on this date, excluding certain provisions of the IAS 39 standard relating to hedge accounting.

2.2 - Reporting protocol

The standards and interpretations used and set forth in the annual financial statements for the year ended 31 December 2020 have been supplemented by the standards, amendments and interpretations compulsorily applicable for financial years beginning on or after 1st January 2021.

BRED Group chose the option provided by standard IFRS 9 not to apply the hedge accounting provisions, but to continue to apply the IAS 39 standard for the accounting of such transactions, as adopted by the European Union, i.e. excluding certain provisions concerning macro-coverage.

Furthermore, on 3 November 2017, the European Commission adopted the amendment to IFRS 4 concerning the joint application of IFRS 9 "Financial instruments" with IFRS 4 "Insurance contracts", with specific provisions for financial conglomerates, applicable from 1st January 2018. Thus, the European regulation allows European financial conglomerates to opt to postpone application of IFRS 9 for the insurance sector until 1st January 2021 (date of application of the new IFRS 17 Insurance Contracts standard) provided that they:

- Do not transfer financial instruments between the insurance sector and the other sectors of the conglomerate (with the exception of financial instruments at fair value through profit or loss for both sectors concerned by the transfer);
- Indicate which insurance entities apply IAS 39;
- Provide specific additional information in the explanatory notes.

At its meeting on 17 March 2020, the IASB decided to postpone its application by two years, with clarifications still required regarding some structural aspects of the standard. It was also decided to align expiry of the temporary exemption under IFRS 9 for insurers, to coincide with the application of IFRS 17 on 1st January 2023. An amendment was published on 25 June 2020. This amendment makes improvements for the application of IFRS 17.

BRED Banque Populaire, a member of Groupe BPCE, which is a financial conglomerate, has chosen to apply this provision for its insurance activities, which consequently remain under IAS 39. The entities concerned by this measure are Prépar Vie and Prépar Iard.

In accordance with the adoption regulation of 3 November 2017, the Group has taken the necessary steps to prohibit any transfer of financial instruments between its insurance sector and the rest of the Group that would have a derecognition effect for the ceding entity, although that restriction is not required for transfers of financial instruments measured at fair value through profit or loss by the two sectors involved.

Regulation (EU) 2017/2395 of 12 December 2017 on transitional provisions to mitigate the impact of the introduction of IFRS 9 on capital and for the treatment of major risks of certain public sector exposures was published in the OJEU on 27 December 2017. BRED Group has decided not to opt for the transitional neutralisation of the impacts of IFRS 9 at the prudential level, due to the moderate impact relating to application of the standard.

Amendment to IAS 39 and IFRS 9: reform of reference rates [phase 2]

On 27 August 2020, the IASB published amendments dealing with issues related to the replacement of reference rates with their alternative rates (phase 2). These amendments amend IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in relation to changes to financial assets and financial liabilities (including lease liabilities) in connection or not with the implementation of existing contractual clauses (i.e. *fallback* clauses), hedge accounting and disclosure. These amendments were adopted by the European Commission on 13 January 2021. Its application date was defined as 1st

January 2021 with possible early application. In line with Groupe BPCE, BRED Group opted for early application from 31 December 2020.

Uncertainties relating to the reform of reference rates and the organisation put in place in Groupe BPCE are presented in note 5.21.

IFRS* Interpretations Committee *(IFRS IC) decision on IAS 19 - Employee Benefits

IFRS IC was consulted on the matter of accounting for the vesting conditions of post-employment defined-benefit plans (retirement benefits and similar benefits provisioned on the liabilities side of the balance sheet) when the benefit granted to the employee depends both on:

- His/her presence in the company upon retirement;
- The employee's length of service;
- A ceiling defined in terms of the number of years of service.

The final position of the IFRS IC issued at its meeting of 20 April 2021 indicates that, pursuant to IAS 19, the vesting period should be the period immediately preceding the retirement age, from the date on which each year of service counts towards the vesting of rights in accordance with the conditions applicable to the plan.

Thus, it is no longer possible (as was the case with the method previously applied by Groupe BPCE) to use the total length of service when that length of service exceeds the defined ceiling used to calculate the vesting period.

This position does not alter the valuation of commitments but rather their pace of recognition over time in the income statement.

BRED Group implemented this guidance on 31 December 2021. This decision mainly concerns end-of-career awards, with the effect of a €4.2 million decrease in the amount of the provision booked for this purpose at 31 December 2021 with an offsetting entry in equity (consolidated reserves).

The comparative information presented in respect of fiscal year 2020 has not been restated for these effects but is disclosed in a special comment under the tables in note 8.2.

IFRS* Interpretations Committee *(IFRS IC) decision on IAS 38 - Intangible Assets

IFRS IC was consulted on the matter of the client' recognition of the costs of configuring and customising software obtained from a provider as part of a SaaS (Software as a Service) contract.

The final position of the IFRS IC issued at its meeting of 16 March 2021 indicates that, pursuant to IAS 38, IAS 8 and IFRS 15, SaaS contracts are generally not recognised as assets and are recognised by the client as a provision of services. Configuration and customisation costs incurred on these contracts may only be recognised as intangible assets in certain situations where the contract could result in the creation of new lines of code, for example, whose future economic benefits would benefit the client alone. Failing this, the client records these costs as an expense when it receives the configuration and customisation services from the provider (and not when the client uses these services).

This decision had no material impact on the financial statements of BRED Group at 31 December 2021.

The other standards, amendments and interpretations adopted by the European Union do not have a material impact on the Group's financial statements.

New standards published but not yet applicable

→ ***Accounting standard IFRS 17***

IFRS 17 "Insurance Contracts" was issued by the IASB on 18 May 2017 and will replace IFRS 4 "Insurance Contracts". Initially applicable on 1 January 2021 with a comparison on 1st January 2020, this standard is only due to come into effect from 1st January 2023. In fact, at its meeting on 17 March 2020, the IASB decided to postpone its application by one year, with clarifications still required regarding some structural aspects of the standard.

It was also decided to align expiry of the temporary exemption under IFRS 9 for insurers, to coincide with the application of IFRS 17 on 1st January 2023. An amendment was published on 25 June 2020. This amendment makes improvements for the application of IFRS 17. Regulation (EU) 2020/2097 of 15 December 2020 adopts the amendments to IFRS 4 on the extension of the exemption period from the application of IFRS 9 for all insurance undertakings.

EU Regulation 2021/2036 of 19 November 2021 adopts IFRS 17 and provides for the possibility of exempting intergenerational pooled contracts with cash flow offsets from the annual cohort requirement imposed by the standard. Groupe BPCE’s savings/retirement contracts should be fully within the scope of this European exemption. On 9 December, the IASB published an amendment to IFRS 17 allowing the option to present under IFRS 9 all financial assets held by insurers at 1st January 2022 in the comparative statements for the joint application of IFRS 17 and IFRS 9 in 2023. Groupe BPCE plans to exercise this option and also apply IFRS 9 impairment rules for credit risk to eligible financial assets for its 2022 comparative statements.

IFRS 17 sets out the principles of recognition, measurement, presentation and information to be provided for insurance contracts and investment contracts with discretionary participation in the application scope of the standard.

Valued today at historical cost, under IFRS 17 the contracts’ obligations must be recognised at the present value. To do this, insurance contracts will be valued according to the cash flows they generate in the future, including a risk margin to take into account uncertainty relating to these flows. Secondly, IFRS 17 introduces the concept of contractual service margin. This represents the insurer's unearned profit and will be amortised over time, depending on the service provided by the insurer to the insured. The standard requires a more detailed drill-down than before because it requires estimates by group of contracts (without classifying in the same group contracts issued more than one year apart - annual cohorts). However, the European Commission has introduced an optional carve-out making it possible not to apply the annual cohort requirement to groups of insurance policies with direct participation elements or to groups of investment contracts with discretionary participation elements that benefit from the pooling of returns on the underlying assets between different generations of insured parties (contracts with intergenerational pooling).

These accounting changes could change the profile of the insurance income (especially in life insurance) and also introduce more volatility in income.

Despite the uncertainties still surrounding the standard (application date, actions in progress to soften certain positions, *exposure draft* published on 26 June 2019), at 31 December 2021, BRED Group’s insurance entities are continuing the preparation work induced by the standard, particularly instruction and documentation of normative choices, modelling, adaptation of systems and organisations.

2.3 - Use of estimates and judgements

Preparation of the financial statements requires management to make estimates and assumptions in certain areas with regard to uncertain future events.

These estimates are based on the judgement of the persons preparing these financial statements and the information available at the balance sheet date.

Actual future results may differ from these estimates.

Specifically with respect to the financial statements for the year ended 31 December 2021, accounting estimates drawing on assumptions related mainly to the following measurements:

- The fair value of financial instruments determined on the basis of valuation models (note 10);
- The amount of expected credit losses on financial assets as well as financing and guarantee commitments (note 7.1);
- Provisions recorded under liabilities in the balance sheet, and more specifically the provision for home savings products (note 5.15) and provisions for insurance contracts (note 9);
- Calculations relating to the cost of pensions and future employee benefits (note 8.2);

- Uncertainties relating to the tax treatment of income taxes (note 11);
- Deferred taxes (note 11);
- Uncertainties relating to the application of certain provisions of the reference rate regulation (note 5.21);
- Goodwill impairment testing (note 3.5);
- The duration of the lease agreements to be used for recognition of the usage rights and rental liabilities (note 12.2.2).

In addition, judgement must be exercised when assessing the business model as well as the basic character of a financial instrument. The procedure is specified in the relevant paragraphs (note 2.5.1).

2.4 - Presentation of the consolidated financial statements and balance sheet date

As no specific format is required under IFRS, the presentation for the condensed statements follows Recommendation no. 2017-02 of 02 June 2017 of the French Accounting Standards Authority (Autorité des Normes Comptables – ANC).

The consolidated financial statements are drafted based on the financial statements ended 31 December 2020. The consolidated financial statements of the Group for the financial year ended 31 December 2021 were approved by the Board of Directors on 14 February 2022. They will be submitted for the approval of the General Meeting of 31 May 2022.

The amounts presented in the financial statements and in the notes thereto are expressed in thousands of euros, unless otherwise stated. Rounding effects may potentially generate differences between the amounts presented in the financial statements and those presented in the accompanying notes.

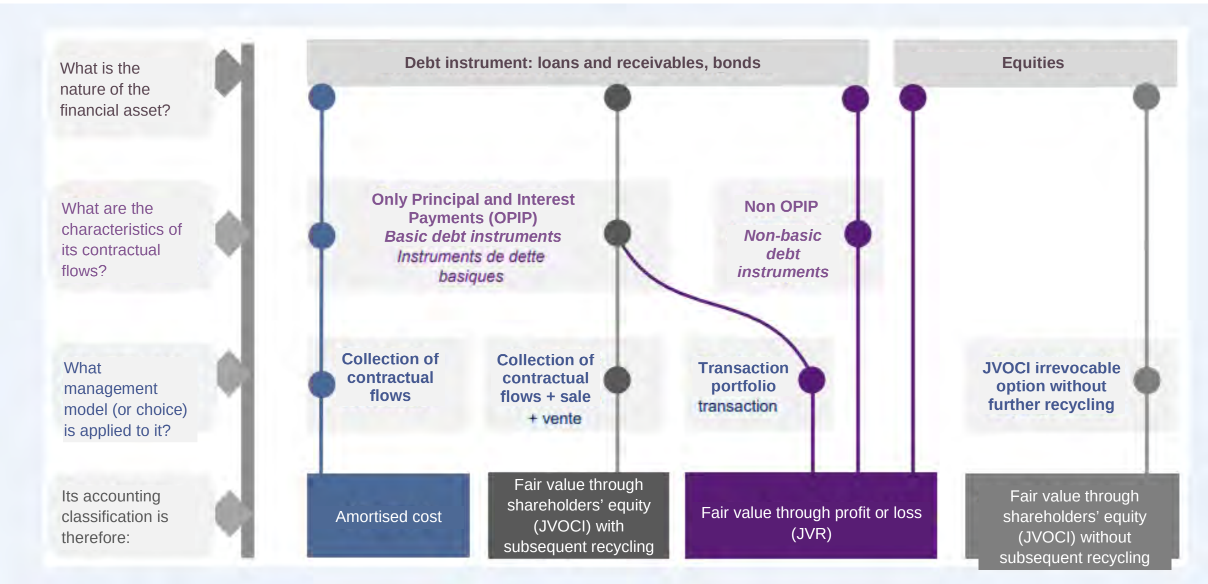
2.5 - General accounting principles and measurement methods

The general accounting principles presented below apply to the principal items in the financial statements. The specific accounting principles are presented in the separate notes to which they relate.

2.5.1 - Classification and valuation of financial assets and liabilities

IFRS 9 is applicable to BRED Group, with the exception of insurance subsidiaries that still apply IAS 39.

On first recognition, financial assets are classified as amortised cost, at fair value through equity or at fair value through profit or loss depending on the nature of the instrument (debt or equity), the characteristics of their contractual cash flows and the way in which the entity manages its financial instruments (business model).



Business model

The entity's business model represents how it manages its financial assets to generate cash flow. Judgement must be exercised when assessing the business model.

Determination of the business model should take into account all the information on how cash flows have been achieved in the past, as well as all other relevant information.

For example:

- How the performance of financial assets is valued and presented to key directors;
- Risks that affect the performance of the business model and, in particular, how these risks are managed;
- How directors are compensated (for example, whether the compensation is based on the fair value of the assets under management or the contractual cash flows received);
- The frequency, volume and pattern of sales.

Furthermore, determination of the business model must be at a level that reflects the way in which groups of financial assets are collectively managed in order to achieve the given economic objective. The business model is therefore not determined instrument by instrument but at a higher aggregation level, by portfolio.

The standard specifies three business models:

- A business model whose objective is to hold financial assets in order to collect the contractual cash flows ("hold to collect" model). This model, whose holding concept is fairly similar to a holding until maturity, is not called into question if disposals occur in the following scenarios:

    - Disposals result from increased credit risk,
    - Disposals occur shortly before maturity and at a price reflecting the contractual cash flows remaining due,
    - Other disposals may also be compatible with the objectives of the contractual cash flow collection model if they are not frequent (even if they are of significant value) or if they are not of significant value considered both individually and globally (even if they are frequent);

For BRED Group, the hold-to-collect model particularly applies to financing activities (excluding syndication and operational simplification) carried out within the Retail Banking and Corporate Banking divisions and Specialist Financial Services.

- A mixed business model under which assets are managed with the objective of both receiving contractual cash flows and disposing of financial assets ("hold to collect and sell" model);

BRED Group mainly applies the collection and sale model to the portion of liquidity reserve securities portfolio management activities that is not managed exclusively using a collection model.

- A model specific to other financial assets, in particular trading assets, in which the collection of contractual cash flows is incidental. This business model applies to syndication activity (for the portion of loans to be transferred identified from the commitment) and capital market activities mainly implemented by Corporate Banking.

Types of contractual cash flows: the "basic" or SPPI (Solely Payments of Principal and Interest) test

A financial asset is classified as generating solely payments of principal and interest if, on specific dates, it gives rise to cash flows that are solely payments of principal and interest on the outstanding amount due. The SPPI test is to be carried out for each financial asset at the time of initial recognition.

The principal amount is defined as the financial asset's fair value at its acquisition date. Interest is the counterpart of the time value of money and the credit risk associated with the principal, but also other risks such as liquidity risk, administrative costs and trading margin.

To assess whether the contractual cash flows are only payments of principal and interest, the contractual terms of the instrument must be considered. All elements that may cast doubts as to whether only the time value of money and credit risk is represented must therefore be analysed. For example:

- Events that would change the amount and date of the cash flows;

Any contractual procedure that would generate exposure to risk or to flow volatility unrelated to a basic loan contract, such as for example, exposure to changes in equity prices or a stock market index, or the introduction of a leverage effect would not allow contractual cash flows to be considered as having a basic character.

- The applicable interest rate features (for example, consistency between the rate refixing period and the interest calculation period);

In cases where a qualitative analysis would not produce an accurate result, a quantitative analysis (benchmark test) consisting of comparing the contractual cash flows of the asset in question with the contractual cash flows of a benchmark asset, is carried out.

- Early redemption and extension conditions.

The contractual procedure, for the borrower or the lender, of redeeming the financial instrument early remains compatible with the basic character of the contractual cash flows if the prepayment amount represents mainly principal and interest on the outstanding amount due and, if applicable, a reasonable compensation payment.

In cases where a qualitative analysis would not produce an accurate result, a quantitative analysis (benchmark test) consisting of comparing the contractual cash flows of the asset in question with the contractual cash flows of a benchmark asset, is carried out.

Moreover, although not strictly fulfilling the time value of money remuneration criteria, certain assets including a regulated rate are considered as basic if this regulated interest rate provides a consideration that corresponds to a large extent to the passage of time and with no exposure to a risk that is inconsistent with a basic loan. This is true in particular of the financial assets representing the portion of the inflow on “livret A” passbook savings accounts which is centralised with the Caisse des Dépôts et Consignations savings fund.

Basic financial assets are debt instruments which include in particular: fixed- rate loans, variable-rate loans with no rate mismatch or no indexation to a security or a stock market index and fixed-rate or variable-rate debt securities.

Non-basic financial assets include in particular: units of UCITS and debt instruments that are convertible or redeemable for a fixed number of shares and structured loans granted to local authorities.

To be classified as basic assets, securities held in a securitisation vehicle must meet specific conditions. The contractual terms of the tranche must fulfil the basic criteria. The pool of underlying assets must fulfil the basic conditions. The risk inherent in the tranche must be equal to or lower than the exposure to the tranche’s underlying assets.

A non-recourse loan (e.g. project financing such as infrastructure financing) is a loan secured solely by collateral. In the absence of possible recourse on the borrower, in order to be classified as a basic asset, it is necessary to examine the structure of the other possible recourse or the protection mechanisms of the lender in the event of default: recovery of the underlying asset, collateral provided (security deposit, margin call, etc.), enhancements provided.

Accounting categories

Debt instruments (loans, receivables or debt securities) may be valued at amortized cost or at fair value through recyclable other comprehensive income or at fair value through profit or loss.

A debt instrument is valued at amortized cost if it meets the following two conditions:

- The asset is held in the framework of a business model where the objective is to collect contractual cash flows;
- The contractual terms of the financial asset define it as basic (SPPI) within the meaning of the standard.

A debt instrument is measured at fair value through equity only if it meets both of the following conditions:

- The asset is held in the framework of a business model where the objective is both to collect contractual cash flows and to sell financial assets;
- The contractual terms of the financial asset define it as basic (SPPI) within the meaning of the standard.

By default, equity instruments will be recorded at fair value through profit or loss except in the case of an irrevocable option for a fair value valuation through non-recyclable equity (provided that these instruments are not held for trading and classified as such in financial assets at fair value through profit or loss) with no subsequent reclassification in profit and loss. If opting for the latter category, dividends continue to be recognized in income.

All other financial assets are recorded at fair value through profit or loss. These financial assets include financial assets held for trading purposes, financial assets at fair value through profit or loss and non-basic assets (non-SPPI). Recognition at fair value through profit or loss as an option for financial assets only applies in the case of the elimination or significant reduction of an accounting mismatch. This option enables the elimination of accounting mismatches stemming from the application of different valuation rules to instruments managed in accordance with a single strategy.

Embedded derivatives are no longer recognized separately to their host contract when these are financial assets, such that the entire hybrid instrument must be recognised at fair value through profit or loss where it is not by nature a basic debt.

Concerning financial liabilities, the rules for classifying and valuing in standard IAS 39 are included in standard IFRS 9 with no amendments, except for those applicable to financial liabilities that the entity chooses to value at fair value through profit and loss (fair value option), for which revaluation variances relating to changes to own credit risk are recorded in the gains and losses recognised directly in equity with no subsequent reclassification in profit and loss.

The provisions of standard IAS 39 relating to derecognition of financial assets and liabilities are included in IFRS 9 with no amendments. The amendment to IFRS 9 of 12 October 2017 clarified the treatment under IFRS 9 of changes in liabilities recognised at amortised cost, in the event that the change does not result in derecognition: the gain or loss resulting from the difference between the original cash flows and the discounted cash flows at the original effective interest rate should be recorded in profit or loss.

2.5.2 - Foreign currency transactions

The method used to account for foreign currency transactions entered into by the Group depends on whether the assets and liabilities arising from these transactions are monetary or non-monetary items.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are converted at the prevailing exchange rate into the functional currency of the Group entity on whose balance sheet they are recognised. The exchange gains or losses resulting from that conversion are recognised as profit or loss. However, there are two exceptions to this rule:

- Only the portion of the foreign exchange gains or losses calculated based on the amortised cost of financial assets at fair value through equity is recognised in income, with any surplus being recognised “Gains and losses recognised directly in other comprehensive income”;
- Foreign exchange gains or losses arising on monetary items designated as cash flow hedges or as part of a net investment in a foreign operation are recognised directly in “Gains and losses recognised directly in equity”.

The non-monetary items recognised at historic cost are valued at the exchange rate on the day of the transaction. Non-monetary items recognised at fair value are converted using the exchange rate on the day on which their fair value was determined. Foreign exchange gains or losses on non-monetary items are recognised in profit or loss if gains or losses relating to the items are recorded in profit or loss, and in “Gains and losses recognised directly in equity” if the gain or loss on the non-monetary item is recorded under that heading.

NOTE 3 - CONSOLIDATION

3.1 - Consolidating entity

The consolidating entity is BRED Banque Populaire S.A.

3.2 - Scope of consolidation – Consolidation and valuation methods

The Group's financial statements include the financial statements of all the entities over which it exercises control or significant influence and whose consolidation has a material impact on the Group's financial statements.
The scope of entities consolidated by BRED Group is provided in note 14 – Details of the consolidation scope.

3.2.1 - Entities controlled by the Group

The subsidiaries controlled by BRED Group are fully consolidated.

Definition of control

Control exists when the Group has the power to govern an entity's relevant activities, when it is exposed or entitled to variable returns due to its links with the entity, and when it has the ability to exercise its power over the entity to influence the amount of returns it obtains.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing the control exercised. These potential voting rights may result, for example, from options to purchase existing ordinary shares, the conversion of bonds into new ordinary shares, or equity warrants attached to other financial instruments. However, potential voting rights are not taken into account to calculate the percentage of ownership.

Exclusive control is presumed to exist when the Group holds directly or indirectly either the majority of the subsidiary's voting rights, or holds half or less than half of an entity's voting rights and has a majority within its governing bodies, or is in a position to exercise dominant influence.

Specific case of structured entities

Entities described as structured entities are those organised in such a way that voting rights are not a key criterion when determining who has control. This is the case in particular when voting rights apply only to administrative duties and relevant activities are managed through contractual agreements.

A structured entity frequently exhibits some or all of the following characteristics:

- Well-defined activities;
- A specific and clearly defined aim, such as: implementing a lease benefiting from special tax treatment, carrying out research and development, providing an entity with a source of capital or funding, or offering investment opportunities to investors and transferring to them the risk and advantages associated with the structured entity's assets;
- Insufficient equity for the structured entity to finance its activities without subordinated financial support;
- Financing through the issue, to investors, of multiple instruments interrelated by contract and which create concentrations of credit risk or other risks ("tranches").

The Group therefore considers collective investment vehicles to be, among others, those defined in the French Monetary and Financial Code and equivalent foreign-law bodies.

Full consolidation method

The full consolidation of a subsidiary in the Group's consolidated financial statements starts at the date on which the Group takes control of the entity and ends on the day on which the Group loses control of the said entity.

The portion of interest not directly or indirectly attributable to the Group corresponds to non-controlling interests.

Income and all components of other items of comprehensive income (gains and losses recognised directly in equity) are divided between the Group and the non-controlling interests. The comprehensive income of the subsidiaries is divided between the Group and non-controlling interests, including when this division results in the allocation of a loss to non-controlling interests.

Changes to the percentage of interests in subsidiaries that do not result in a change in control are recognised as transactions affecting equity.

The impact of such transactions is recognised in equity at its after-tax amount and does not therefore affect the consolidated profit attributable to equity holders of the parent company.

Exclusion from the scope of consolidation

The minor controlled entities are excluded from the scope of consolidation, in accordance with the principle described in note 14.5.

Employee pension funds and supplementary health insurance plans are excluded from the scope of consolidation insofar as IFRS 10 does not apply to either post-employment benefit funds or other long-term employee benefit plans, to which IAS 19 “Employee Benefits” applies.

Likewise, interests acquired with a view to their subsequent short-term disposal are recorded as available for sale and recognised in accordance with the provisions of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

3.2.2 - Investments in associates and joint ventures

Definitions

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity, without exercising control or joint control over those policies. It is presumed to exist when the Group holds, directly or indirectly, 20% or more of an entity’s voting rights.

A joint venture is a partnership where the parties with joint control over an entity have rights to the net assets of that entity.

Joint control is the contractually agreed sharing of control over a company, which exists only when decisions on relevant activities must be unanimously agreed by the parties sharing control.

Equity method

The income, assets and liabilities of investments in associates and joint ventures are accounted for in the Group’s consolidated financial statements using the equity method.

An investment in an associate or a joint venture is initially recognised at its acquisition cost and subsequently adjusted for the Group’s share in the income and other comprehensive income of the associate or joint venture.

The equity method is applied from the date on which the entity becomes an associate or a joint venture. At the time of acquisition of an associate or joint venture company, the difference between the cost of the investment and the Group share in the net fair value of the entity’s recognisable assets and liabilities is recognised as goodwill. If the net fair value of the recognisable assets and liabilities of the entity is higher than the investment cost, the difference will be recognised as profit or loss.

The share of net income or loss of entities accounted for under the equity method is included in the Group’s consolidated profit or loss.

When a Group entity carries out a transaction with a Group joint venture or associate, the profit or loss resulting from this transaction is recognised up to the level of the interests held by third parties in the associate or joint venture.

The net investment in an associate company or joint venture is subject to an impairment test if there is objective evidence of impairment as a result of one or more events occurring after first recognition of the net investment and such events have an impact on the estimated future cash flows of the net investment, which can be estimated reliably. In that case, the total carrying amount of the investment (including goodwill) is tested for impairment according to the provisions of IAS 36 “Impairment of Assets”.

Exception to the equity method

When the investment is held by a venture capital organisation, an investment fund, an investment company with variable share capital or a similar entity such as an insurance assets investment fund, the investor may choose not to recognise the investment using the equity method. Indeed, revised IAS 28 “Investments in associates” authorises the investor to recognise the investment at its fair value (with changes in fair value recognised in income) under IFRS 9.

These investments are therefore recognised under “Financial assets at fair value through profit or loss”.

3.2.3 - Investments in joint activities

Definition

A joint activity is a partnership where the parties with joint control over an entity have direct rights over the assets and direct obligations in respect of the liabilities of the said entity.

Method of accounting for joint activities

An investment in a joint enterprise is accounted for by consolidating all the interests held in the joint activity, i.e. the share of interest in each asset, liability and element of income to which the investor is entitled. These interests are allocated by nature to the various lines of the consolidated balance sheet, the consolidated income statement and the statement of net income and gains and losses recognised directly in equity.

3.3 - Consolidation rules

The consolidated financial statements are prepared using uniform accounting methods for similar transactions in comparable circumstances. Material consolidation adjustments are made to ensure the consistency of the measurement methods applied by the consolidated entities.

3.3.1 - Currency translation of accounts of foreign entities

The consolidated financial statements are expressed in euros.

Balance sheet items of foreign subsidiaries and branches whose functional currency is not the euro are translated using the exchange rate in force at the balance sheet date. Income and expense items are translated at the average exchange rate for the period, using the approximate transaction price if there are no significant fluctuations.

Translation differences arise from a difference in:

- Net income for the period translated at the average rate and at the year-end rate;
- Equity (excluding net income for the period) translated at the historical exchange rate and at the year-end rate.

The portion attributable to equity holders of the parent company is recorded in equity under “Translation differences” and the portion attributable to minority members under “Non-controlling interests”.

3.3.2 - Elimination of intragroup transactions

The impact of intragroup transactions on the consolidated balance sheet and consolidated income statement has been eliminated. Dividends and capital gains and losses on intragroup asset disposals have also been eliminated. Where appropriate, capital losses on asset disposals reflecting effective impairment have been maintained.

3.3.3 - Business combinations

Pursuant to IFRS 3 "Business combinations" and IAS 27 "Consolidated and Separate Financial Statements", as revised:

- Combinations between mutual entities are included within the scope of IFRS 3;
- Costs directly linked to business combinations are recognised in net income or loss for the period;
- Any considerations that may be payable are included in the acquisition cost at their fair value at the date of acquisition of a controlling interest, even if they are only potential. Depending on the settlement method, the consideration transferred is recognised against:

    - Capital and later price revisions will not be booked,
    - Or liabilities and later adjustments are recognised against income (financial debts) or according to the appropriate standards (other debt outside the scope of IFRS 9);

- On an entity's acquisition date, non-controlling interests may be valued:

    - Either at fair value (method resulting in the allocation of a share of the goodwill to non-controlling interests),
    - Or at the share in the fair value of the acquired entity's identifiable assets and liabilities (method similar to that applicable to transactions prior to 31 December 2009).

The choice between these two methods is made for each business combination.

Whichever method is chosen when the acquisition is made, increases in the percentage of interest in an entity already controlled are systematically recognised in equity:

- At the date on which control of a company is acquired, any share previously held by the Group must be revalued at fair value through profit or loss. Consequently, in the event of a step acquisition, the goodwill is determined by referring to the fair value at the date on which control was acquired;
- When the Group loses control of a consolidated company, any share that the Group retains must be revalued at fair value through profit or loss.

Business combinations carried out prior to the revision of standards IFRS 3 and IAS 27 are accounted for using the purchase method, except those involving mutual entities or entities under joint control, which are explicitly excluded from the scope.

3.3.4 - Redemption commitments granted to minority shareholders of fully consolidated subsidiaries

The group has granted redemption commitments to minority shareholders of certain fully consolidated subsidiaries enabling them to redeem their holdings. Those redemption commitments are optional commitments for the group (sale of put options). The exercise price of these options may be an amount fixed contractually, or may be determined according to a calculation formula predefined at the time of acquisition of the subsidiary's securities, taking into account the subsidiary's future activity or be fixed at the fair value of the subsidiary's securities on the date of exercise of the options.

These commitments are recognised in the accounts as follows:

- In accordance with the provisions of IAS 32, the group records a financial liability in respect of put options sold to minority shareholders in exclusively controlled entities. This liability is initially recognised under "Other liabilities" at the discounted value of the put options' estimated exercise price;

- The obligation to record a liability even though the put options are not consistently exercised leads to the same accounting treatment as that applied to transactions relating to non-controlling interests. As a result, the corresponding entry for this liability is deducted from the "Non-controlling interests" underlying the options, while the remainder is deducted from the "Consolidated reserves – Group share";
- Subsequent changes in this liability relating to changes in the estimated exercise price of the options and the carrying amount of "Non-controlling interests" are fully recognised in the "Consolidated reserves – Group share";
- If the redemption is carried out, the liability is settled by the cash disbursement relating to the acquisition of the interests of minority shareholders in the subsidiary concerned. However, at the maturity of the commitment, if the redemption is not carried out, the liability is cancelled, in the corresponding entries for "Non-controlling interests" and "Consolidated reserves – Group share" in their respective proportions;
- As long as the options are not exercised, profit and loss relating to non-controlling interests subject to put options is presented under "Non-controlling interests" in the consolidated income statement.

3.3.5 - Year-end date for the consolidated entities

The entities within the scope of consolidation have a financial year ending on 31 December.

3.4 - Changes in the scope of consolidation during the financial year 2021

The main changes in the scope of consolidation during the financial year 2021 are as follows:

The percentage interest of BRED Bank Fiji was reduced from 100% to 90% following the acquisition of 10% of BRED Bank Fiji's capital by BCI NC.

In 2021, the consolidation scope included 38 companies, including 32 fully consolidated companies and six consolidated using the equity method.

3.5 - Goodwill

3.5.1 - Change in the value of goodwill

Goodwill generated by transactions during the financial year is analysed in the note relating to the consolidation scope.

Goodwill was nil at 31 December 2021, as it was at 31 December 2020.

Impairment tests

In accordance with the regulations, all of the goodwill has been tested for impairment, through an assessment of the value in use of the cash-generating units (CGUs) to which it is attached.

3.5.2 - Change in the value of goodwill

None.

NOTE 4 - NOTES TO THE INCOME STATEMENT

Overview

Net banking income (NBI) includes:

- Interest income and expenses;
- Commissions;
- Net gains or losses on financial instruments at fair value through profit or loss;
- Net gains or losses on financial instruments at fair value through equity;
- Gains or losses resulting from derecognition of financial assets at amortised cost;
- Net income from insurance activities;
- Income and expenses from other activities.

4.1 - Interest and similar income and expenses

Accounting policies

Interest income and expense is recognised in the income statement for all financial instruments measured at amortised cost using the effective interest rate method, namely interbank and customer loans, the portfolio of securities at amortised cost, debt securities, subordinated debt and rental liabilities. It also includes accrued interest receivable on fixed-income securities classified as financial assets at fair value through equity and hedging derivatives, it being specified that accrued interest on cash flow hedging derivatives is taken to income in the same manner and period as the accrued interest on the hedged item.

Interest income also includes the interest on non-basic debt instruments not held in a transaction model as well as interest on related economic hedges (classified as instruments at fair value through profit or loss).

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument, to obtain the net carrying amount of the financial asset or financial liability.

The effective interest rate calculation takes into account all transaction costs and income as well as premiums and discounts. Transaction costs and income forming an integral part of the effective interest rate of the contract, such as loan set-up fees and commissions paid to business providers, are treated as additional interest.

Starting from 2020, negative interest is presented as follows:

- Negative interest on an asset is recorded as an interest expense in NBI;
- Negative interest on a liability is presented as interest income in NBI.

in thousands of euros	2021 financial year Interest income	Interest expenses	Net	2020 financial year Interest income	Interest expenses	Net
Loans due from credit institutions (1)	121,286	-100,087	21,199	76,954	-97,140	-20,186
Loans due from customers	669,536	-85,384	584,152	596,560	-92,884	503,676
Bonds and other debt securities held/issued	73,130	-5,527	67,603	5,880	-13,325	-7,445
Subordinated debt	///	0	0	///	0	0
Rental liabilities	///	-354	-354	///	-461	-461
Financial assets and liabilities at amortised cost (excluding finance leases)	**863,952**	**-191,352**	**672,600**	**679,394**	**-203,810**	**475,584**
Finance leases	**9,315**	**0**	**9,315**	**11,643**	**0**	**11,643**
Debt securities	448,808	///	448,808	124,403	///	124,403
Other	0	///	0	0	///	0
Financial assets at fair value in equity	**448,808**	**///**	**448,808**	**124,403**	**///**	**124,403**
Total financial assets and liabilities at amortised cost and at fair value through equity (1)	**1,322,075**	**-191,352**	**1,130,723**	**815,440**	**-203,810**	**611,630**
Non-standard financial assets not held for trading	**177**	**///**	**177**	**0**	**///**	**0**
Hedging derivatives	**163,047**	**-596,677**	**-433,630**	**162,498**	**-156,868**	**5,630**
Derivatives for economic hedging	**1,769**	**-1,205**	**564**	**0**	**0**	**0**
Total interest income and expenses	**1,487,068**	**-789,234**	**697,834**	**977,938**	**-360,678**	**617,260**

(1) The interest income from loans and receivables with credit institutions totals €11.269 million (€11.120 million in 2020) consisting of the interest paid on the Livret A, LDD and LEP account balances centralised with the Caisse des Dépôts et Consignations.

The interest expenses from regulated savings accounts amounts to €2.2 million in 2021, consisting of the net allocation to the provision for home savings products (net reversal of €1.7 million in 2020).

4.2 - Fee and commission income and expenses

Accounting policies

In application of standard IFRS 15 “Revenue from Contracts with Customers”, income from ordinary activities records the transfer of control over goods and services promised to customers for the amount that the entity expects to receive in return for said goods and services. The method for revenue recognition is carried out in five steps:

- Identification of contracts with customers;
- Identification of distinct performance obligations (or elements) to be recognised separately;
- Determination of the transaction price as a whole;
- Allocation of the transfer price to the different performance obligations;
- Recognition of the revenue when the performance obligations are met.

This approach applies to the contracts an entity enters into with its customers, except in particular for lease contracts (covered by standard IFRS 16), insurance contracts (covered by standard IFRS 4) and financial instruments (covered by standard IFRS 9). Where specific provisions on income or contract costs are covered by another standard, these shall be the main provisions applicable.

In view of the Group’s activities, this method mainly concerns:

- Income from fees and commissions, including in connection with banking services when these products are not integrated into the effective interest rate, or those relating to asset management or financial engineering services;
- Income from other activities (see note 4.6), primarily for services performed as part of lease contracts;
- Banking services rendered with the participation of the group’s partners.

Fees and commissions are therefore recorded based on the type of service rendered and on the method of accounting for the financial instrument to which the service relates.

This heading includes mainly fees and commissions receivable or payable on recurring services (commission on payment instruments, securities custody fees, etc.) and occasional services (fund transfers, payment incident penalties, etc.), commissions receivable or payable on execution of significant transactions, and commissions receivable or payable on fiduciary and similar assets held or invested on behalf of the Group’s customers.

On the other hand, fees and commissions that are in the nature of additional interest and form an integral part of the effective interest rate of a financial instrument are reported as a component of net interest income.

Fees and commission on services

Service fees are analysed to separately identify the different elements (or performance obligations) that compose them and allocate to each element the income share due to it. Then each item is recorded in the income statement by type of service provided and according to the method used to recognise the associated financial instrument:

- Commissions payable on recurring services are spread in profit and loss over the period in which the service is provided (commission on payment instruments, securities custody fees, etc.);
- Commissions payable on occasional services are recognised in full in profit and loss when the service is provided (fund transfer fees, payment incident penalties, etc.);
- Commissions payable on execution of a significant transaction are recognised in full in profit and loss on completion of the transaction.

When there is uncertainty about the valuation of the commission fee (asset management performance fee, variable financial engineering fee, etc.), only the amount to which the Group is already entitled in view of the information available at closing is recorded.

Fees and commissions that are an integral part of the effective return on a financial instrument, such as fees on financing commitments given and loan origination fees, are recognised and amortised as an adjustment to the loan's effective return over its estimated life. Accordingly, these fees and commissions are reported as a component of "Interest Income", not under "Fees and Commissions".

Fiduciary and similar fees and commissions are those charged in respect of assets being held or invested on behalf of individual customers, pension schemes or other institutions. In particular, fiduciary transactions cover asset management and custody activities performed on behalf of third parties.

	2021 financial year			2020 financial year		
in thousands of euros	Income	Expenses	Net	Income	Expenses	Net
Interbank and cash transactions	9,795	-411	9,384	8,833	-549	8,284
Customer transactions	169,253	-1,496	167,757	148,598	-909	147,689
Financial services	39,195	-12,209	26,986	28,566	-9,097	19,469
Sales of life insurance products	3,716	///	3,716	4,622	///	4,622
Payment services	225,158	-110,822	114,336	208,546	-102,935	105,611
Securities transactions	11,884	0	11,884	10,779	0	10,779
Fiduciary services	3,326	///	3,326	2,715	///	2,715
Financial instrument and off-balance sheet transactions	51,059	-13,261	37,798	35,981	-12,441	23,540
Other	9,090	-1,369	7,721	9,665	-1,475	8,190
TOTAL FEES AND COMMISSIONS	**522,476**	**-139,568**	**382,908**	**458,305**	**-127,406**	**330,899**

4.3 - Net gains or losses on financial instruments at fair value through profit or loss

Accounting policies

The heading "Net gains or losses on financial instruments at fair value through profit or loss" includes gains or losses (including the related interest) on financial assets and liabilities classified as held for trading or recognised at fair value through profit or loss by option.

"Earnings gains or losses on hedging transactions" includes gains or losses arising from the revaluation of derivative instruments used as fair value hedges as well as the symmetrical revaluation of the hedged items, the revaluation at fair value of the macro-hedged portfolio, and the ineffective portion of cash flow hedges.

in thousands of euros	2021 financial year	2020 financial year
Gains or losses on financial instruments compulsorily measured at fair value through profit or loss (1)	126,524	-54,166
Gains or losses on financial instruments designated at fair value through profit or loss by option	0	0
- Gains or losses on financial assets designated at fair value through profit or loss by option	0	0
- Gains or losses on financial liabilities designated at fair value through profit or loss by option	0	0
Gains or losses on hedging transactions	-4,066	10,431
- Ineffective portion of cash flow hedges (CFH)	*0*	*0*
- Ineffective portion of fair value hedges (FVH)	*-4,066*	*10,431*
Change in fair value hedges	*9,694*	*-100,785*
Change in hedged item	*-13,760*	*111,216*
Gains or losses on foreign exchange transactions	91,486	142,795
Total net gains or losses on financial instruments at fair value through profit or loss	**213,944**	**99,060**

(1) Including economic currency hedging.

The line "Results on financial instruments compulsorily measured at fair value through profit or loss" includes, for the 2021 financial year:

- The change in fair value of derivatives that are:
  - Either held for trading,
  - Or economic hedging derivatives that do not meet the restrictive criteria required by standard IAS 39;
- The change in the fair value of derivatives subject to an impact of +€1.430 million due to changes to the Credit Valuation Adjustment (CVA).

Initial margin (day one profit)

Not applicable at 31/12/2021.

4.4 - Net gains or losses on financial instruments at fair value through equity

Accounting policies

Financial instruments at fair value through equity include:

- The basic debt instruments managed according to the collection and sale business model at fair value through equity that can be recycled in income. If these assets are sold, the changes in fair value are taken to profit or loss;
- Equity instruments measured at fair value through equity that cannot be recycled in income. In the event of a sale, these changes in fair value are not transferred to profit or loss but directly to the consolidated reserves item in equity. Only dividends affect the result if they correspond to a return on investment.

Changes in value of the basic debt instruments managed according to the hold to collect and sell business model at fair value through equity that can be recycled, include:

- Income and expenses recognised in net interest margin;
- Net gains or losses on financial assets of debt at fair value through derecognised equity;
- Impairment charges/reversals recognised in cost of risk;
- Gains or losses recognised directly in equity.

in thousands of euros	2021 financial year	2020 financial year
Net gains or losses on debt instruments	13,981	47,311
Net gains or losses on equity instruments (dividends)	41,766	47,912
Total gains and losses on financial assets at fair value through equity	**55,747**	**95,223**

4.5 - Net gains or losses on financial instruments at amortised cost

Accounting policies

This item includes net gains or losses on financial instruments at amortised cost resulting from the derecognition of financial assets at amortised cost (loans or receivables, debt securities) and financial liabilities at amortised cost.

	2021 financial year			2020 financial year		
in thousands of euros	Gains	Losses	Net	Gains	Losses	Net
Loans or receivables due from credit institutions	0	0	0	0	0	0
Loans or receivables due from customers	2,068	0	2,068	0	0	0
Debt securities	0	0	0	0	0	0
Gains and losses on financial assets at amortised cost	**2,068**	**0**	**2,068**	**0**	**0**	**0**
Amounts due to credit institutions	0	0	0	0	0	0
Amounts due to customers	0	0	0	0	0	0
Debt securities	876	-3	873	0	0	0
Subordinated debt	0	0	0	0	0	0
Gains and losses on financial liabilities at amortised cost	**876**	**-3**	**873**	**0**	**0**	**0**
Total net gains or losses resulting from the derecognition of financial assets at amortised cost	**2,944**	**-3**	**2,941**	**0**	**0**	**0**

4.6 - Income and expenses from other activities

Accounting policies

Income and expenses from other activities include:

- Income and expenses from investment property (rental income and expenses, gains or losses on disposals, depreciation and impairment losses);
- Income and expenses from operating lease operations;
- Income and expenses from property development activities (revenue, purchases consumed).

	2021 financial year			2020 financial year		
in thousands of euros	Income	Expenses	Net	Income	Expenses	Net
Income and expenses from real estate activities	**0**	**0**	**0**	**0**	**0**	**0**
Income and expenses from leasing transactions	**1,832**	**0**	**1,832**	**1,244**	**0**	**1,244**
Income and expenses from investment property	**0**	**-217**	**-217**	**0**	**-566**	**-566**
Share of joint ventures	*4,606*	*-29*	*4,577*	*4,171*	*0*	*4,171*
Transfers of expenses and income	*1,247*	*-11*	*1,236*	*3,394*	*-94*	*3,300*
Other operating income and expenses	*8,930*	*-39,070*	*-30,140*	*6,197*	*-29,924*	*-23,727*
Charges to and reversals from provisions booked to other operating income and expenses	*/// *	*-5,139*	*-5,139*	*///*	*5,473*	*5,473*
Other banking operating income and expenses (1)	**14,783**	**-44,249**	**-29,466**	**13,762**	**-24,546**	**-10,784**
TOTAL INCOME AND EXPENSES FROM OTHER ACTIVITIES	**16,615**	**-44,466**	**-27,851**	**15,006**	**-25,111**	**-10,105**

(1) Income of €4.91 million recorded under "Income from other activities" in respect of the Cheque Image Exchange fine following the favourable decision issued by the Court of Appeal on 2 December 2021. Given the uncertainty and history of the case (see Legal Risks in the Risk Management section), a provision for an equivalent amount was booked as an offset under "Expenses from other activities".

Income and expenses from insurance activities are presented in note 9.

In 2021, rebilling of "central institution" activities (listed in the French Monetary and Financial Code) is now presented in NBI and the rebilling of Group assignments remains under management fees. The amount of NBI contributions amounted to €18.1 million in 2021 and the amount of contributions to operating expenses amounted to €25.7 million in 2021 versus €39.6 million in 2020.

4.7 - Operating expenses

Accounting policies

Operating expenses include mainly personnel costs, including wages and salaries net of re-billed amounts, social security charges and employee benefit expenses such as pension costs. Operating expenses also include the full amount of administrative expenses and external services costs.

Contributions to banking resolution schemes

The deposit and resolution guarantee fund methods were amended by an Order of 27 October 2015. For the deposit guarantee fund, the cumulative amount of the contributions paid by the Group into the fund via the deposits, guarantees and securities mechanism was €51.3 million. Non-reimbursable contributions in the event of voluntary licence withdrawal amounted to €11.6 million. Contributions paid in the form of associate or association certificates and cash guarantee deposits recorded on the assets side of the balance sheet stood at €39.6 million.

Contributions to the banking resolution mechanisms - NRF

The Bank Recovery and Resolution Directive (BRRD) 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, and Ordinance no. 2015-1024 transposing that directive, have instigated the implementation of a resolution guarantee fund from 2015. The fund is a mechanism for financing the resolution available to the regulator (Autorité de Contrôle Prudentiel et de Résolution – ACPR – for institutions located in France). The regulator may call on the fund in connection with the implementation of resolution procedures.

In accordance with Decisions 2019-CR-03 and 2019-CR-04 with regard to ex-ante contributions to resolution financing arrangements, the ACPR has determined the contributions to the resolution fund for 2021.

The amount of contributions paid stands at €32.7 million for the financial year, of which €27.8 million was recognised as an expense and €4.9 million took the form of cash guarantee deposits recorded on the assets side of the balance sheet (15% of calls for funds set up in the form of cash guarantee deposits). The accumulation of contributions recorded on the assets side of the balance sheet amounted to €21.2 million at 31 December 2021.

in thousands of euros	**2021 financial year**	**2020 financial year**
Personnel costs (2)	**-482,316**	**-436,959**
Taxes, duties and regulatory contributions (1)	-58,529	-53,065
External services and other operating expenses (3)	-186,425	-206,020
Other administrative expenses	-253,334	-268,077
TOTAL OPERATING EXPENSES	-735,650	-705,036

(1) Taxes, duties and regulatory contributions include, in particular, the contribution to the SRF (Single Resolution Fund) for an annual amount of €27.8 million, compared with €22.2 million in 2020.
(2) The IFRS IC decision relating to IAS 19 - Employee Benefits was implemented in 2021. For the 2020 financial year, its implementation would have resulted in the recognition of -€60,000 in the "Personnel costs" line at 31/12/2020.
(3) The change in "External services and other operating expenses" includes a decrease of €3.8 million in 2021 due to the reclassification of recovery costs on doubtful loans (S3) from "Operating expenses" to "Cost of credit risk" in the case of marginal costs directly attributable to the recovery of contractual cash flows. The amount was €3.4 million at 31 December 2020.

The breakdown of personnel costs is presented in note 8.1.

In 2021, rebilling of "central institution" activities (listed in the French Monetary and Financial Code) is now presented in NBI and the rebilling of Group assignments remains under management fees. The amount of NBI contributions

amounted to €18.1 million in 2021 and the amount of contributions to operating expenses amounted to €25.7 million in 2021 versus €39.6 million in 2020.

4.8 - Gains or losses on other assets

Accounting policies

Gains or losses on other assets records gains or losses on the disposal of property, plant and equipment and intangible assets used in operations as well as capital gains or losses and provisions on the disposal of consolidated investments.

in thousands of euros	**2021 financial year**	**2020 financial year**
Gains or losses on the disposal of property, plant and equipment and intangible assets used in operations	19	4,025
Gains or losses on sales of and provisions for consolidated investments	703	1,199
TOTAL GAINS OR LOSSES ON OTHER ASSETS	**722**	**5,224**

NOTE 5 - NOTES TO THE STATEMENT OF FINANCIAL POSITION

5.1 - Cash and amounts due from central banks

Accounting policies

This item mainly includes cash and assets held with the central bank at amortised cost.

in thousands of euros	12/31/2021	12/31/2020
Cash	263,687	260,557
Central banks	475,137	441,250
TOTAL CASH AND AMOUNTS DUE FROM CENTRAL BANKS	**738,824**	**701,807**

5.2 - Financial assets and liabilities at fair value through profit or loss

Accounting policies

The financial assets and liabilities at fair value through profit or loss comprise instruments held for trading, including derivatives, and certain assets and liabilities that the Group has chosen to recognise at fair value, at their date of acquisition or issue, using the fair value option available under IFRS 9 and non-basic assets.

The criteria for classifying financial assets are described in note 2.5.1.

Date of recognition

Securities are recognised on the balance sheet on the settlement-delivery date.

Transactions involving temporary sales of securities are also recorded at the settlement-delivery date.
Where repurchase agreements and securities lending transactions are recorded under “Assets and liabilities at fair value through profit or loss”, the repurchase agreement commitment is accounted for as a fixed-rate derivative instrument.

The first-in, first-out (FIFO) method is applied to any partial disposals of securities, except in specific cases.

5.2.1 - Financial assets at fair value through profit or loss

Accounting policies

Financial assets at fair value through profit or loss are:

- Financial assets and liabilities held for trading, i.e. securities acquired or issued for the purpose of selling repurchasing them in the near term;
- Financial assets and liabilities that the Group has chosen to recognise at fair value though profit or loss at inception using the fair value option available under IFRS 9. The conditions and conditions for applying this option are described below;
- Non-basic debt instruments;
- Equity instruments measured at fair value through profit or loss (which are not held for trading).

These assets are measured at fair value at the initial accounting date and at the balance sheet date. Changes in fair value over the period, interest, dividends and gains or losses on disposal of these instruments are recognised in “Net gain or loss on financial instruments at fair value through profit or loss” with the exception of non-basic debt financial assets whose interest is recorded under “Interest Income”.

Financial assets in the trading book mainly include proprietary securities transactions, repurchase agreements and derivatives traded by the Group to manage its risk exposure.

Assets at fair value through profit or loss fair value option

Under IFRS 9, financial assets may be recognised at fair value though profit or loss on first recognition. This decision is irrevocable.

Compliance with the conditions set forth in IAS 39 must be verified prior to recognition using the fair value option.

This option is only applied in the case of a significant elimination or reduction of an accounting mismatch. Application of this option enables the elimination of accounting mismatches stemming from the application of different valuation rules to instruments managed in accordance with a single strategy.

	12/31/2021				12/31/2020			
	Financial assets compulsorily measured at fair value through profit or loss		Financial assets designated at fair value through profit or loss by option (1)	Total	Financial assets compulsorily measured at fair value through profit or loss		Financial assets designated at fair value through profit or loss by option (1)	Total
in thousands of euros	Financial assets associated with a trading activity	Other financial assets (3)			Financial assets associated with a trading activity	Other financial assets (3)	Financial assets recognised at fair value in the option (1)	
Treasury bills and similar securities	2,960,237	0	0	2,960,237	1,965,169		0	1,965,169
Bonds and other debt securities	1,798,149	586,588	0	2,384,737	1,286,275	478,282	0	1,764,557
Debt securities	**4,758,386**	**586,588**	**0**	**5,344,974**	**3,251,444**	**478,282**	**0**	**3,729,726**
Loans to credit institutions excluding repurchase agreements	0	125,029	0	125,029	0	125,030		125,030
Loans to customers excluding repurchase agreements	0	0	0	0	0	0		0
Repurchase agreements (2)	0	0	0	0	0	0		0
Loans	***0***	***125,029***	***0***	***125,029***	***0***	***125,030***		***125,030***
Equity instruments	***3,522,323***	***10,511***	***///***	***3,532,834***	***3,545,197***	***6,502***	***///***	***3,551,699***
Trading derivatives (1)	**1,616,914**	***///***	***///***	**1,616,914**	**1,754,458**	***///***	***///***	**1,754,458**
Guarantee deposits paid	**0**	***///***	***///***	**0**	**0**	***///***	***///***	**0**
TOTAL FINANCIAL ASSETS AT FAIRVALUE THROUGH PROFIT OR LOSS	**9,897,623**	**722,128**	**0**	**10,619,751**	**8,551,099**	**609,814**	**0**	**9,160,913**

(1) Only in the case of an "accounting mismatch".
(2) The information is presented taking into account the effects of the netting carried out under IAS 32 (see note 5.23).
(3) Includes non-basic assets not associated with a trading activity, including fund units and shares not recognised at fair value through non-recyclable equity.

Trading derivatives include derivatives whose fair value is positive that are:

- Either held for trading;
- Or economic hedging derivatives that do not meet the restrictive accounting hedging criteria required by standard IFRS 9.

This item's amount is also reduced by the CVA (Credit Value Adjustments) for the entire (trading and hedging) derivative portfolio.

5.2.2 - Financial liabilities at fair value through profit or loss

Accounting policies

Financial liabilities at fair value through profit or loss include financial liabilities held for trading or classified in that category voluntarily at the time of first recognition, in application of the option available under IFRS 9. The trading book comprises liabilities related to short sales, repurchase agreements and derivatives. The conditions and conditions for applying this option are described below.

These liabilities are measured at fair value at the initial accounting date and at the balance sheet date.

Changes in fair value over the period, interest, and gains or losses relating to these instruments are recognised in "Net gain or loss on financial instruments at fair value through profit or loss", with the exception of changes in fair value attributable to changes in own credit risk for financial liabilities at fair value through profit or loss, which are recorded, from 1st January 2016, under "Revaluation of credit risk associated with financial liabilities designed at fair value through profit or loss" within "Gains or losses recognised directly in equity". In the event of derecognition of the financial liability before its maturity (e.g. early redemption), the realised gain or loss at fair value attributable to the credit risk is transferred directly to the consolidated reserves item in equity.

Financial liabilities at fair value through profit or loss by option

Under IFRS 9, financial liabilities may be recognised at fair value though profit or loss on first recognition. This decision is irrevocable.

Compliance with the conditions set forth in IAS 39 must be verified prior to recognition using the fair value option.

Application of this option is reserved for the following situations:

- Elimination or significant reduction of an accounting mismatch;

Application of this option enables the elimination of accounting mismatches stemming from the application of different valuation rules to instruments managed in accordance with a single strategy.

- Alignment of accounting treatment with management and performance measurement;

The option applies in the case of liabilities managed and measured at fair value, provided that such management is based on a documented risk management policy or investment strategy and that internal monitoring relies on a measure in fair value.

- Compound financial instruments containing one or more embedded derivatives.

An embedded derivative is a component of a financial or non-financial hybrid instrument that qualifies as a derivative. It must be extracted from the host contract and accounted for separately if the hybrid instrument is not measured at fair value through profit or loss, and if the economic characteristics and risks associated with the derivative are not closely relating to those of the host contract.

The fair value option may be applied to a financial liability when the embedded derivative substantially modifies the host contract's cash flows and when the separate recognition of the embedded derivative is not specifically prohibited by IFRS 9, e.g. the case of an early redemption option embedded in a debt instrument. The option allows the entire instrument to be measured at fair value, avoiding the need to extract, recognise or measure separately the embedded derivative.

This accounting treatment applies in particular to certain structured issues containing significant embedded derivatives.

in thousands of euros	12/31/2021 Financial assets issued for trading	12/31/2021 Financial liabilities designated at fair value by option	12/31/2021 Total	12/31/2020 Financial assets issued for trading	12/31/2020 Financial liabilities designated at fair value by option	12/31/2020 Total
Short sales	1,341,509	///	1,341,509	1,879,191	///	1,879,191
Trading derivatives	1,251,989	///	1,251,989	2,024,539	///	2,024,539
Interbank term accounts and loans	-	-	-	-	-	-
Customer term accounts and loans	-	-	-	-	-	-
Non-subordinated debt securities	-	-	-	-	-	-
Subordinated debt	///	-	-	///	-	-
Repurchase agreements	-	///	-	-	///	-
Guarantee deposits received	-	///	-	-	///	-
Other	///	-	-	///	-	-
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,593,498**	-	**2,593,498**	**3,903,730**	-	**3,903,730**

The item “Trading derivatives” includes derivatives whose fair value is negative that are:

- Either held for trading;
- Or economic hedging derivatives that do not meet the restrictive accounting hedging criteria required by standard IFRS 9.

5.2.3 - Trading derivatives

Accounting policies

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

- Its value changes in response to the change in a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, this variable is not specific to one of the parties to the contract;
- Requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that might be expected to have a similar response to changes in market conditions;
- It is settled at a future date.

All derivative financial instruments are recognised on the balance sheet at the trade date, using their fair value at inception. They are re-measured at their fair value at each balance sheet date regardless of whether they were acquired for trading or hedging purposes.

Trading derivatives are reported in the balance sheet under “Financial assets at fair value through profit or loss” or under “Financial liabilities at fair value through profit or loss”. Realised and unrealised gains and losses are recognised in the income statement under “Net gains or losses on financial instruments at fair value through profit or loss”.

The notional amount of financial instruments is merely an indication of the volume of the Group’s business in this area and does not reflect the market risks associated with such instruments. The positive or negative fair values represent the replacement value of these instruments. These values may fluctuate considerably as market variables change.

in thousands of euros	12/31/2021 Notional amount	12/31/2021 Positive fair value	12/31/2021 Negative fair value	12/31/2020 Notional amount	12/31/2020 Positive fair value	12/31/2020 Negative fair value
Interest rate instruments	102,354,212	649,167	866,208	116,470,624	1,201,526	1,437,207
Equity instruments	28,980,266	120,716	66,745	23,122,434	171,930	108,852
Currency instruments	32,973,604	492,195	279,247	45,310,359	358,926	419,803
Other instruments	0	0	0	0	0	0
Firm transactions	164,308,082	1,262,078	1,212,200	184,903,417	1,732,382	1,965,862
Interest rate instruments	4,222,809	12,991	10,605	1,849,769	12,612	11,796
Equity instruments	1,381,413	339,887	23,366	2,892,516	0	35,921
Currency instruments	294,815	26	2,223	309,585	6,416	5,721
Other instruments	0	0	0	0	0	0
Options	5,899,037	352,904	36,194	**5,051,870**	**19,028**	**53,438**
Credit derivatives	150,268	1,932	3,595	**154,922**	**3,048**	**5,239**
TOTAL TRADING DERIVATIVES	170,357,387	1,616,914	1,251,989	**190,110,209**	**1,754,458**	**2,024,539**
o/w organized markets	*27,255,595*	*339,887*	*23,687*	*21,849,297*	*0*	*35,921*
o/w over-the-counter transactions	*143,101,792*	*1,277,027*	*1,228,302*	*168,260,912*	*1,754,458*	*1,988,618*

5.3 - Hedging derivatives

Accounting policies

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

- Its value changes in response to the change in a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, this variable is not specific to one of the parties to the contract;
- Requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that might be expected to have a similar response to changes in market conditions;
- It is settled at a future date.

All derivative financial instruments are recognised on the balance sheet at the trade date, using their fair value at inception. They are re-measured at their fair value at each balance sheet date regardless of whether they were acquired for trading or hedging purposes.

Except for derivative instruments designated as cash flow hedges for accounting purposes or as net investments in foreign operations, changes in fair value are recognised in profit and loss for the period.

Derivatives only qualify as hedges if they meet the criteria set out in IAS 39 at inception of the relationship and throughout the term of the hedge. In particular, there must be formal documentation showing that the hedging relationships between the derivatives and the hedged items are both prospectively and retrospectively effective.

Fair value hedges consist mainly of interest rate swaps used to hedge fixed-rate instruments against changes in fair value due to changes in market interest rates. These hedges transform fixed-rate assets or liabilities into variable-rate items. Fair value hedges mainly consist of hedges of fixed rate loans, securities, deposits and subordinated debt.

Fair value hedging is also used to manage overall interest rate risk.

Cash flow hedges are used to fix or control the variability of cash flows from variable-rate instruments. Cash flow hedges are also used to manage overall interest rate risk.

The notional amount of financial instruments is merely an indication of the volume of the Group's business in this area and does not reflect the market risks associated with such instruments.

For a derivative instrument to qualify as a hedging instrument for accounting purposes, the hedging relationship must be documented at inception of the hedge (hedging strategy, the nature of the risk being hedged, identification and nature of the hedged item and hedging instrument). In addition, the effectiveness of the hedge must be demonstrated at inception and verified subsequently.

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

Groupe BPCE, and therefore BRED Group, chose the option provided by standard IFRS 9 not to apply the hedge accounting provisions, but to continue to apply the IAS 39 standard for the accounting of such transactions, as adopted by the European Union, i.e. excluding certain provisions concerning macro-coverage.

Fair value hedges

Fair value hedges seek to reduce exposure to changes in the fair value of an asset or liability carried on the balance sheet, or a firm commitment, and in particular to hedge interest rate risk on fixed-rate assets and liabilities.

The gain or loss on the revaluation of hedging instruments is recognised in profit and loss in the same manner and period as the gain or loss on the hedged item within the limit of the risk being hedged. The ineffective portion of the hedge, if any, is recorded in the income statement under "Net gains or losses on financial instruments at fair value through profit or loss".

Accrued interest on a derivative instrument is recognised in profit and loss in the same manner and period as the accrued interest on the hedged item.

Where identified assets or liabilities are hedged, the revaluation of the hedged component is recognised on the same line of the balance sheet as the hedged item.

The ineffectiveness relating to dual-curve valuation of collateralised derivatives is taken into account in the measurement of effectiveness.

If a hedging relationship is discontinued (investment decision, failure to fulfil effectiveness criteria, or because the hedged item is sold before maturity), the hedging derivative is transferred to the trading portfolio. The revaluation recorded on the balance sheet in respect of the hedged item is amortised over the residual life of the initial hedge. If the hedged item is sold before maturity or redeemed early, the cumulative amount of the revaluation gain or loss is recognised in profit and loss for the period.

Cash flow hedges

The purpose of cash flow hedges is to hedge the exposure to cash flow fluctuations attributable to a particular risk associated with a recognised asset or liability or with a future transaction (hedging of interest rate risk on floating-rate assets or liabilities, or hedging of conditions relating to future transactions such as future fixed interest rates, future prices, exchange rates, etc.).

The effective portion of changes in the fair value of the derivative instrument is recognised under a specific heading in "Gains and losses recognised directly in equity". The ineffective portion is recognised in the income statement under "Net gains or losses on financial instruments at fair value through profit or loss".

Accrued interest on the hedging derivative instrument is recognised in profit and loss under net interest income in the same manner and period as the accrued interest on the hedged item.

The hedged items continue to be accounted for using the treatment applicable to their specific accounting category.

If a hedging relationship is discontinued (because the hedge no longer meets the effectiveness criteria, the derivative is sold or the hedged item ceases to exist), the cumulative amounts recognised in equity are transferred to the income statement as and when the hedged item has an impact on profit or loss, or immediately if the hedged item ceases to exist.

Special portfolio hedging (macrohedges)

→ ***Documentation of cash flow hedges***

Some of the Group's institutions document their macro-hedging of interest rate risk in cash flow hedges (hedging of loan or loan portfolios).

In that case, the portfolios that may be hedged are assessed, for each maturity band, by reference to:

- Variable-rate assets and liabilities; the entity incurs a risk of variability in future cash flows from floating-rate assets and liabilities insofar as future interest rate levels are not known in advance;
- Future transactions that are highly probable transactions (forecasts): in the event of a constant rate, the entity bears a risk of fluctuation of future cash flows on a future fixed-rate loan inasmuch as the rate at which the future loan will be granted is not known; likewise the entity may consider that it has a risk of fluctuation of future cash flows on any refinancing it carries out on the market.

IAS 39 does not allow recognition of a net position by maturity band. The hedged item is thus considered equivalent to a share in one or more portfolios of variable-rate instruments (portion of variable-rate funds amount); the effectiveness of the hedges is measured by creating a hypothetical instrument for each maturity band and comparing changes in its fair value since inception with those of the derivatives documented as hedges.

The characteristics of this instrument are identical to those of the hedged item. Effectiveness is assessed by comparing the changes in value of the hypothetical instrument with those of the actual hedging derivative instrument. This method requires the preparation of a schedule by maturity band.

Hedge effectiveness must be demonstrated both prospectively and retrospectively.

The hedge is effective prospectively if, for each target maturity band, the nominal amount of items to be hedged is higher than the notional amount of the hedging instruments.

The retrospective test verifies whether the hedging relationship was effective at the various balance sheet dates.

At each balance sheet date, the changes in the fair value of hedging instruments are compared with those of the hypothetical instruments. The ratio of their respective changes should be between 80% and 125%.

If the hedged item is sold or the future transaction is no longer highly probable, the cumulative unrealised gains or losses recognised in equity are transferred immediately to profit or loss.

When the hedging relationship ceases, if the hedged item is still shown on the balance sheet or if the future transaction is still highly probable, the cumulative unrealised gains or losses are recognised in equity on a straight-line basis. If the derivative has not been cancelled, it is reclassified as a trading derivative, and subsequent changes in its fair value are recognised in profit or loss.

→ ***Documentation of fair value hedges***

Some of the Group's establishments document their interest rate risk macro-hedging as fair value hedges by applying the so-called "carve-out" arrangements under IAS 39 as adopted by the European Union.

The version of IAS 39 adopted for use by the European Union does not include certain hedge accounting provisions that appear incompatible with the strategies implemented by European banks to reduce overall exposure to interest rate risk. In particular, this carve-out allows entities to make use of hedge accounting for interbank interest rate risk on customer transactions at fixed rates (loans, savings accounts and demand deposits). Most of the Group's macro-hedges involve plain vanilla interest rate swaps recognised at inception as fair value hedges of fixed-rate deposits and loans.

Macro-hedging derivatives are accounted for in the same manner as described above for fair value micro-hedging.

In the case of a macro-hedging relationship, the revaluation of the hedged component is recognised under "Revaluation adjustments on interest-rate risk hedged portfolio", on the assets side of the balance sheet in case of hedge of a portfolio of financial assets or on the liabilities side of the balance sheet in the event of hedging a portfolio of financial liabilities.

The hedges are deemed effective if the derivatives offset the interest rate risk on the underlying fixed-rate portfolio. The ineffectiveness relating to dual-curve valuation of collateralised derivatives is taken into account.

Effectiveness is tested in two ways:

- A base test: for plain vanilla swaps designated as hedging instruments at inception, the Group verifies prospectively at the date the instrument is designated as a hedge and retrospectively at each balance sheet date that there is no excess hedging;
- A quantitative test: for other swaps, the change in the fair value of the actual swap must offset the changes in the fair value of a hypothetical instrument that exactly reflects the hedged part of the underlying item. These tests are performed prospectively at the date the instrument is designated as a hedge and retrospectively at each balance sheet date.

If a hedging relationship ceases, the revaluation difference is amortised on a straight-line basis over the remaining term of the initial hedge, if the hedged item has not been derecognised. It is taken directly to profit or loss if the hedged item is no longer recorded in the balance sheet. In particular, derivatives used for macro-hedging may be disqualified for hedge accounting purposes when the nominal amount of the hedged items falls below the notional amount of the hedging instruments, for example in the case of early repayment of loans or withdrawal of deposits.

Hedges of a net investment in a foreign operation

The net investment in a foreign operation is the amount of the participating interest held by the consolidating entity in the net assets of the foreign operation.

The purpose of hedging a net investment in a foreign operation is to neutralise the foreign exchange effects of an investment in an entity whose functional currency is different from the consolidating entity's reporting currency. Net investment hedges are accounted for in the same manner as cash flow hedges.

Unrealised gains or losses initially recognised in equity are taken to profit or loss when the net investment is sold in full or in part.

The notional amount of financial instruments is merely an indication of the volume of the Group's business in this area and does not reflect the market risks associated with such instruments.

	12/31/2021			12/31/2020		
in thousands of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest rate instruments	29,146,145	76,057	600,477	24,065,448	76,811	320,158
Equity instruments	0	0	0	0	0	0
Currency instruments	542,174	5,433	2,128	410,654	7,157	0
Other instruments	0	0	0	0	0	0
Firm transactions	**29,688,319**	**81,490**	**602,605**	**24,476,102**	**83,968**	**320,158**
Interest rate instruments	0	0	0	0	0	0
Equity instruments	0	0	0	0	0	0
Currency instruments	0	0	0	0	0	0
Other instruments	0	0	0	0	0	0
Options	**0**	**0**	**0**	**0**	**0**	**0**
Fair value hedges	**29,688,319**	**81,490**	**602,605**	**24,476,102**	**83,968**	**320,158**
Interest rate instruments	3,743,322	11,240	4,241	4,639,391	30,926	15,377
Equity instruments	0	0	0	0	0	0
Currency instruments	645,292	6,839	5,467	3,313,045	8,972	9,409
Other instruments	0	0	0	0	0	0
Firm transactions	**4,388,614**	**18,079**	**9,708**	**7,952,436**	**39,898**	**24,786**

Interest rate instruments	0	0	0	0	0	0
Equity instruments	0	0	0	0	0	0
Currency instruments	0	0	0	0	0	0
Other instruments	0	0	0	0	0	0
Options	**0**	**0**	**0**	**0**	**0**	**0**
Cash flow hedges	**4,388,614**	**18,079**	**9,708**	**7,952,436**	**39,898**	**24,786**
Credit derivatives	**0**	**0**	**0**	**0**	**0**	**0**
Hedges of net investments in foreign operations	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL HEDGING DERIVATIVES	**34,076,933**	**99,569**	**612,313**	**32,428,538**	**123,866**	**344,944**

All hedging instruments are presented in the item "Hedging derivatives" on the assets and liabilities side of the balance sheet.

Foreign exchange swaps are documented both as interest rate fair value hedges and currency cash flow hedges. However, the overall fair value is presented in foreign exchange derivatives. These derivatives are presented as foreign exchange cash flow hedges in order to better reflect the weight of the foreign exchange component (related to the cash flow hedge) in total fair value.

Schedule of the notional amount of hedging derivatives at 31 December 2021

In thousands of euros	**< 1 year**	**from 1 to 5 years**	**from 6 to 10 years**	**> 5 years**
Interest rate hedging	**17,498,624**	**14,945,418**	**445,425**	**0**
Cash flow hedging instruments	2,603,830	1,139,492	0	0
Fair value hedging instruments	14,894,794	13,805,926	445,425	0
Foreign exchange hedging	**446,463**	**710,816**	**30,187**	**0**
Cash flow hedging instruments	75,353	539,752	30,187	0
Fair value hedging instruments	371,110	171,064	**0**	0
Hedging of other risks	0	**0**	0	**0**
Cash flow hedging instruments	0	0	0	0
Fair value hedging instruments	**0**	0	**0**	0
Hedges of net investments in foreign operations	***0***	***0***	***0***	***0***
Total	**17,945,087**	**15,656,234**	**475,612**	**0**

Foreign exchange swaps are documented both as interest rate fair value hedges and currency cash flow hedges. However, the overall fair value is presented in foreign exchange derivatives. These derivatives are mainly presented as foreign exchange cash flow hedges in order to better reflect the weight of the foreign exchange component (related to the cash flow hedge) in total fair value.

Hedged items

→ *Fair value hedges*

In thousands of euros	Fair value hedges At 31 December 2021								
	Hedging of exchange rate risks			Foreign exchange hedging			Hedging of other risks (gold, commodities, etc.)		
	Carrying amount	o/w revaluation of the hedged component (1)	Hedged component remaining to be recognised (2)	Carrying amount	o/w revaluation of the hedged component (1)	Hedged component remaining to be recognised (2)	Carrying amount	o/w revaluation of the hedged component (1)	Hedged component remaining to be recognised (2)
Assets									
Financial assets at fair value in equity	**15,087,272**	**135,235**	-	**539,144**	- **1,217**	-	-	-	-
Loans or receivables due from credit institutions	-	-	-	-	-	-	-	-	-
Loans or receivables due from customers	-	-	-	-	-	-	-	-	-
Debt securities	15,087,272	135,235	-	539,144	- 1,217	-	-	-	-
Shares and other equity instruments	-	-	-	-	-	-	-	-	-
Financial assets at amortised cost	**17,000**	-	-	**330,072**	**22,760**	-	-	-	-
Loans or receivables due from credit institutions	17,000	-	-	-	-	-	-	-	-
Loans or receivables due from customers	-	-	-	-	-	-	-	-	-
Debt securities	-	-	-	330,072	22,760	-	-	-	-
Liabilities									
Financial liabilities at amortised cost	**200,000**	-	-	-	-	-	-	-	-
Amounts due to credit institutions	-	-	-	-	-	-	-	-	-
Amounts due to customers	200,000	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-
Total	**15,304,272**	**135,235**	-	**869,216**	**21,543**	-	-	-	-

(1) Excluding accrued interest.
(2) Dequalification, end of the hedging relationship.

In thousands of euros	Fair value hedges At 31 December 2020								
	Hedging of exchange rate risks			Foreign exchange hedging			Hedging of other risks (gold, commodities, etc.)		
	Carrying amount	o/w revaluation of the hedged component (1)	Hedged component remaining to be recognised (2)	Carrying amount	o/w revaluation of the hedged component (1)	Hedged component remaining to be recognised (2)	Carrying amount	o/w revaluation of the hedged component (1)	Hedged component remaining to be recognised (2)
Assets									
Financial assets at fair value in equity	**11,384,608**	**149,751**	-	-	- **538**	-	-	-	-
Loans or receivables due from credit institutions	-	-	-	-	-	-	-	-	-
Loans or receivables due from customers	-	-	-	-	-	-	-	-	-
Debt securities	11,384,608	149,751	-	404,794	- 538	-	-	-	-
Shares and other equity instruments	-	-	-	-	-	-	-	-	-
Financial assets at amortised cost	**777,266**	**1,292**		**292,400**	**24,242**	-	-	-	-
Loans or receivables due from credit institutions	-	-	-	-	-	-	-	-	-
Loans or receivables due from customers	-	-	-	-	-	-	-	-	-
Debt securities	777,266	1,292	-	292,400	24,242	-	-	-	-
Liabilities									
Financial liabilities at amortised cost	-	-	-	-	-	-	-	-	-
Amounts due to credit institutions	-	-	-	-	-	-	-	-	-
Amounts due to customers	-	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-
Total	**12,161,874**	**151,043**	-	**697,194**	**23,704**	-	-	-	-

(1) Excluding accrued interest.
(2) Dequalification, end of the hedging relationship.

As part of its market activities and its asset-liability management, BRED Banque Populaire has securities in euros and dollars whose remuneration is indexed to inflation. To limit its exposure to the various risks generated by these

securities, BRED has concluded derivatives contracts. These transactions adhere to the traditional hedging accounting rules described in note 5.3.
The ineffective portion of the hedge for the period is presented in note 4.3 "Gains or losses on financial assets and financial liabilities at fair value through profit or loss".

→ ***Cash flow hedges – Hedges of net investments in foreign operations***

	12/31/2021				
	Fair value of hedging derivative	**O/w effective portion of unmatured hedges (1)**	**O/w ineffective portion**	**Balance of matured hedges remaining to be recognised (*)**	**Fair value of the hedged item (hypothetical derivative)**
Interest-rate hedging	6,999	6,999	-	-	-6,755
Foreign exchange hedging	1,372	1,372	-	-	438
Hedging of other risks		-	-	-	-
Total – Cash flow hedges and hedges of net investments in foreign operations	***8,371***	***8,371***	**-**	**-**	**-** ***6,317***

(1) Including ICNE cash flow hedges amounting to €1.3 million.
Recognised in other items recognised in equity or in profit and loss for the portion reclassified with a symmetrical change for the hedged item.
(*) Dequalification, end of the hedging relationship.

	12/31/2020				
in thousands of euros	**Fair value of hedging derivative**	**O/w effective portion of unmatured hedges (1)**	**O/w ineffective portion**	**Balance of matured hedges remaining to be recognised (*)**	**Fair value of the hedged item (hypothetical derivative)**
Interest-rate hedging	15,549	15,549	-	-	-3,520
Foreign exchange hedging	- 437	- 437	-	-	-2,391
Hedging of other risks	-	-	-	-	-
Total – Cash flow hedges and hedges of net investments in foreign operations	***15,112***	***15,112***	**-**	**-**	**-** ***5,911***

(1) including ICNE cash flow hedges amounting to €9.2 million.
Recognised in other items recognised in equity or in profit and loss for the portion reclassified with a symmetrical change for the hedged item.
(*) Dequalification, end of the hedging relationship.

The ineffective portion of the hedge is recorded in the income statement under "Gains or losses on financial assets and financial liabilities at fair value through profit or loss" in note 4.3.

The "Cash flow hedge" reserve is equal to the effective portion of the unmatured hedges and the balance of the outstanding accrued hedges, before tax, including non-controlling interests.

Recycling as a result of the "Cash flow hedge" reserve is included either in the net interest margin or in the derecognition result of the hedged item by symmetry with the item impacted by the hedged item.

→ ***Cash flow hedge and hedging of net foreign investments – Analysis of other items recognised in equity***

Scoping of OCI *In thousands of euros*	**1/1/2021**	**Change in the effective portion**	**Reclassification of the effective portion in profit or loss**	**Adjustment basis – non-financial item (*)**	**Hedged item partially or totally extinguished**	**12/31/2021**
Amount of equity for transactions in CFH	-3,749	4,426	0			678
o/w interest-rate hedging	-6,140	7,254				1,116
o/w foreign exchange hedging	2,391	-2,828				-438
Amount of equity for transactions in NIH						
Total	**-3,749**	**4,426**	**0**			**678**

Scoping of OCI in thousands of euros	**1/1/2020**	**Change in the effective portion**	**Reclassification of the effective portion in profit or loss**	**Adjustment basis – non-financial item (*)**	**Hedged item partially or totally extinguished**	**12/31/2020**
Amount of equity for transactions in CFH	8,028	-11,776	0			-3,749
o/w interest-rate hedging	3,827	-9,966				-6,140
o/w foreign exchange hedging	4,201	-1,810				2,391
Amount of equity for transactions in NIH						
Total	**8,028**	**-11,776**	**0**			**-3,749**

5.4 - Financial assets at fair value through equity

Accounting policies

The financial assets at fair value through equity are initially recognised at fair value plus the transaction costs.

→ ***Debt instruments measured at fair value through equity that can be recycled***

At the balance sheet date, they are measured at their fair value and changes in fair value shown on the coupon are recorded as gains or losses recognised directly in recyclable equity (since foreign currency securities are money-market instruments, changes in the fair value of the foreign currency component are recognised in the income statement). The principles used to determine fair value are described in note 10.

These instruments are subject to the IFRS 9 impairment requirements. Information about credit risk is provided in note 7.1. If these assets are sold, these changes in fair value are taken to profit or loss.
Interest income accrued or received on debt instruments is recognized in "Interest or similar income" using the effective interest rate (EIR) method. This method is described in note 5.5 – Assets at amortised cost.

→ ***Equity instruments measured at fair value through non-recyclable equity***

At the balance sheet date, they are measured at their fair value and changes in fair value are recorded as gains or losses recognised directly in non-recyclable equity (since foreign currency securities are not money-market instruments, changes in the fair value of the foreign currency component are not recognised in the income statement). The principles used to determine fair value are described in note 10.

Recognition at fair value through non-recyclable equity is an irrevocable option that applies instrument by instrument only to equity instruments not held for trading. Unrealised and realised impairment losses remain recognised in equity without ever affecting the result. These financial assets are not subject to impairments.

In the event of a sale, these changes in fair value are not transferred to profit or loss but directly to the consolidated reserves in equity item.

Only dividends affect the result if they correspond to a return on investment. They are recorded under “Net gains or losses on financial instruments at fair value through equity” (Note 4.4).

in thousands of euros	**12/31/2021**	**12/31/2020**
Loans or receivables due from customers	0	0
Debt securities	12,425,535	13,022,900
Shares and other equity securities (1)	1,338,212	875,150
Financial assets at fair value in equity	**13,763,747**	**13,898,050**
O/w impairment for expected credit losses	*-3,119*	*-22,757*
O/w gains and losses recognised directly in equity (before tax)	*717,405*	*531,723*
- Debt instruments	*556,711*	*571,905*
- Equity instruments	*160,694*	*-40,182*

(1) Details are given in the table below.

Equity instruments designated as at fair value through equity

Accounting policies

Equity instruments recognised at fair value through equity may be:

- Equity securities;
- Shares and other equity securities.

On first recognition, equity instruments recognised at fair value through equity are measured at fair value plus transaction costs. On subsequent balance sheet dates, changes in the fair value of the instrument are recognised in equity (OCI). Changes in fair value thereby accumulated in equity will not be reclassified to profit or loss in subsequent years (OCI that cannot be recycled).

Only dividends are recognised in profit or loss when the conditions are met.

in thousands of euros	12/31/2021				12/31/2020			
	Fair value	Dividends recognised over the period	Derecognition over the period		Fair value	Dividends recognised over the period	Derecognition over the period	
		Equity instruments held at the end of the period	Fair value on the disposal date	Total profit or loss on the disposal date		Equity instruments held at the end of the period	Fair value on the disposal date	Total profit or loss on the disposal date
Equity interests	1,049,910	36,825	8,702	- 7,679	824,612	46,028	7,579	713
Shares and other equity securities	288,302	4,942	178,951	- 8,451	50,538	1,884	178,951	- 8,451
TOTAL	**1,338,212**	**41,767**	**187,653**	**- 16,130**	**875,150**	**47,912**	**186,530**	**- 7,738**

Equity investments include strategic holdings, “tool” entities (e.g. IT) and some long-term private equity securities. Since these equity investments are not intended to be sold, an equity classification recognised at fair value through equity is appropriate for this type of equity investment.

The cumulative amount of changes in fair value reclassified in the “Consolidated reserves” component during the period relates to disposals and amounted to -€8.4 million at 31 December 2021.

5.5 - Assets at amortised cost

Accounting policies

Assets at amortised cost are basic financial assets held in a collection model. Most of the loans granted by the Group are classified in this category. Information about credit risk is provided in note 7.1.

Financial assets at amortized cost include amounts due from credit institutions and customers as well as securities at amortized cost such as treasury bills or bonds.

Loans and receivables are initially recorded at fair value plus costs and reduced by income directly attributable to establishment of the loan or issue, as the case may be.

When loans are granted at below-market interest rates, a discount corresponding to the difference between the face value of the loan and the sum of future cash flows discounted to the market rate, is deducted from the loan's face value. The market rate of interest is the rate applied by the vast majority of financial institutions at a given point in time for instruments and counterparties with similar characteristics.

On subsequent balance sheet dates, these financial assets are measured at amortised cost using the effective interest method.

The EIR is the rate that discounts estimated future cash flows to the carrying amount of the loan at inception. This rate includes any discounts recorded in respect of loans granted at below-market rates, as well as any transaction income or costs directly relating to the establishment of the loans, which are treated as an adjustment to the actual yield on the loan. No internal costs are taken into account for the calculation of amortised cost.

Government-backed loans

Government-backed loans (PGE - Prêts Garantis par l'État) are a support measure established pursuant to Article 6 of Act no. 2020-289 of 23 March 2020 amending the 2020 Finance Act and the Minister of Economy and Finance's decree of 23 March 2020 granting a government guarantee to credit institutions and financing companies from 16 March 2020 in order to meet the cash flow requirements of companies affected by the Covid-19 health crisis. The measure was extended until 30 June 2022 by Law no. 2021-1900 of 30 December 2021 on 2022 finances. PGEs must meet the eligibility criteria common to all institutions distributing these loans defined by law.

PGEs are one-year cash loans with deferred repayment terms over this period. Beneficiary companies can decide, at the end of the first year, to amortise the PGE over a period of one to five additional years or to start paying off the capital only from the second year of the amortisation period by paying only the interest and the cost of the government guarantee.

For eligible companies, the amount of the PGE is capped, generally (excluding innovative and recently set up companies, and excluding Seasonal PGEs for our tourism/hospitality/catering customers, for example), at 25% of the company's turnover. PGEs benefits from a 70 to 90% government guarantee depending on the size of the undertaking, with banks thus retaining the residual risk. The government guarantee covers a percentage of the outstanding amount of the debt (capital, interest and incidentals) until its maturity. The government guarantee may be called before maturity in the event of a credit event.

A reasonable early repayment penalty is set in the agreement (2% of the outstanding capital during the initial period of the loan, 3% to 6% of the outstanding capital during the loan amortisation period). The extension conditions are not fixed in advance but are set two to three months before the expiry of the extension option, depending on market conditions.

PGEs may not be covered by a security interest or guarantee other than the government guarantee unless they are granted under a Minister of Economy and Finance decree. Professionals and managers may ask or be asked to take out death insurance, but this may not be imposed.

Given these characteristics, PGEs meet basic loan criteria (see note 2.5.1). They are recognised under "amortised cost" as they are held in a hold-to-collect business model the aim of which is to hold loans to collect their cash flows (see note 2.5.1). On subsequent balance sheet dates, they will be measured at amortised cost using the effective interest method.

With regard to the government guarantee, it is considered an integral part of the terms of the agreement and is taken into account when calculating impairment charges for expected credit losses. The guarantee fee paid to the French government when the loan is granted by Groupe BPCE is recognised in profit or loss over the initial term of the PGE using the effective interest rate (EIR) method. The impact is presented in the net interest margin.

A PGE granted to a counterparty considered doubtful at the start (Stage 3) is classified as POCI (Purchased or Originated Credit Impaired).

However, the granting of a PGE to a given counterparty does not, on its own, constitute a risk aggravation criterion, which must lead to this counterparty's other loans being moved to Stage 2 or 3.

Renegotiations and restructuring

When contracts are amended, IFRS 9 requires the identification of financial assets that have been renegotiated, restructured or remodelled in the event of financial difficulties or not and which do not give rise to derecognition. The profit or loss resulting from the amendment of a contract is recognised in profit or loss in the event of a change. The gross book value of the financial asset is then recalculated to be equal to the discounted value, at the initial effective interest rate, of the contractual cash flows renegotiated or modified. However, an analysis of the material nature of the changes must be carried out on a case-by-case basis.

"Restructured" loans correspond to loans that have been the subject of adjustments constituting a concession when these adjustments are concluded with debtors facing or about to face financial difficulties. "Restructured" loans therefore result from a combination of a concession and financial difficulties.

The adjustments covered by "restructuring" must be advantageous to the debtor (e.g. suspension of interest or principal maturities, extension of maturity, etc.) and are documented by amendments changing the terms of an existing contract or by the total or partial refinancing of an existing loan.

Financial difficulty is determined by observing a number of criteria such as the existence of past-due payments of more than 30 days or the presence of a sensitive rating. The implementation of "restructuring" does not necessarily involve the classification of the counterparty concerned by the adjustment into the Basel default category. The counterparty's classification as in default depends on the outcome of the viability test performed during the restructuring of the counterparty.

Under IFRS 9, the treatment of restructuring resulting from financial difficulties remains similar to that which prevailed under IAS 39: in the event of restructuring following a demonstrated credit loss event, the loan is considered to be impaired (Stage 3) and a discount is applied to reflect the difference between the present value of the estimated contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used is the original effective interest rate. This discount is expensed to "Cost of credit risk" in the income statement and offset against the corresponding outstanding on the balance sheet. It is written back to net interest income on an actuarial basis in the income statement over the term of the loan. If the discount is not significant, the effective interest rate of the restructured loan is adjusted and no discount is recorded.

The restructured loan is re-included in performing loans (not impaired, at Stage 1 or Stage 2), when there is no longer any doubt as to the borrower's ability to honour its commitments.

When the restructuring is substantial (for example, the conversion of all or part of a loan into an equity instrument), the new instruments are recognised at fair value. The difference between the carrying amount of the derecognised loan (or part of the loan) and the fair value of the assets received in exchange is recognised in profit or loss under "Cost of credit risk". Any impairment previously recorded for the loan is adjusted. It is fully reversed in the event of total conversion of the loan into new assets.

Forbearance measures granted to companies generally and aimed at responding to temporary cash flow difficulties related to the Covid-19 crisis change the repayment schedules of these loans without substantially changing their characteristics. These receivables are therefore modified without being derecognised. Furthermore, the granting of this adjustment does not in itself constitute an indicator that said companies are in financial difficulty.

Fees and commissions

Costs directly attributable to establishment of loans are external costs which consist mainly of commissions paid to third parties such as commissions paid to business introducers.

Income directly attributable to the issuance of new loans mainly comprises set-up fees charged to customers, re-billed costs and, if it is more probable than improbable that the loan will be drawn down, financing commitment fees. Commissions received on financing commitments that will not be drawn are spread over the term of the commitment on a straight-line basis.

Expenses and income arising on loans with a term of less than one year at inception are deferred on a pro rata basis with no recalculation of the EIR. For floating or adjustable rate loans, the effective interest rate is adjusted at each rate refixing date.

Date of recognition

Securities are recognised on the balance sheet on the settlement-delivery date. Transactions involving temporary sales of securities are also recorded at the settlement-delivery date. The first-in, first-out (FIFO) method is applied to any partial disposals of securities, except in specific cases. For reverse repurchase agreements, a financing commitment given is recorded between the trade date and the settlement-delivery date.

5.5.1 - Securities at amortised cost

In millions of euros	**12/31/2021**	**12/31/2020**
Treasury bills and similar securities	332,579	1,086,014
Bonds and other debt securities	1,891,410	1,561,378
Impairment for expected credit losses	-4,249	-725
TOTAL SECURITIES AT AMORTISED COST	**2,219,740**	**2,646,667**

The fair value of securities is presented in note 10.

The segmentation of loans and impairments for credit losses by stage is presented in note 7.1.

5.5.2 - Loans and receivables due from credit institutions and similar valued at amortised cost

in thousands of euros	**12/31/2021**	**12/31/2020**
Overdrawn current accounts	3,629,940	4,771,247
Repurchase agreements	1,774,182	2,780,171
Loans and advances (1)	5,902,373	2,502,687
Other loans or receivables due from credit institutions	0	0
Guarantee deposits paid	1,327,033	1,422,633
Impairment for expected credit losses	-9,364	-6,741
TOTAL	**12,624,164**	**11,469,997**

(1) At 31 December 2021, the Livret A, LDD and LEP account balances centralised with the Caisse des Dépôts et Consignations and reported in the "Loans and advances" line amounted to €1,465.15 million (versus €1,367.44 million at 31 December 2020).

The fair value of loans and receivables due from credit institutions is presented in note 10.

The segmentation of loans and impairments for credit losses by stage is presented in note 7.1.

Receivables in respect of transactions with the network came to €7,647.51 million at 31 December 2021 (versus €5,583.05 million at 31 December 2020).

5.5.3 - Loans and receivables due from customers valued at amortised cost

in thousands of euros	12/31/2021	12/31/2020
Overdrawn current accounts	**1,976,679**	**1,549,993**
Other loans to customers	**33,248,638**	**28,924,455**
- Loans to financial sector customers	*16,956*	55,121
- Cash advances (1)	*7,720,678*	7,493,769
- Equipment loans	*7,744,870*	6,826,652
-Home loans (3)	*13,257,024*	11,684,830
- Export loans	*289,388*	212,908
- Repurchase agreements	*1,668,285*	369,680
- Finance leases	*258,698*	267,077
-Subordinated loans (2)	*801*	0
- Other credits	*2,291,938*	2,014,418
Other loans or receivables due from customers	**4,467**	**4,104**
Guarantee deposits paid	**197,406**	**848,925**
Gross loans and receivables due from customers	**35,427,190**	**31,327,477**
Impairment for expected credit losses	-1,005,839	-956,513
TOTAL	**34,421,351**	**30,370,964**

(1) Government-backed loans (PGEs) are presented in short-term credit facilities and amounted to €1.832 billion at 31 December 2021 versus €2.017 billion at 31 December 2020.
(2) At 31 December 2021, €0.80 million in PPRs (participating stimulus loans) were recorded.
(3) The change in home loans is related in particular to a change in the presentation of interest-free loans (PTZ) – see Change in balance sheet presentation of interest-free loans below.

The fair value of loans and receivables due from customers is presented in note 10.

The segmentation of loans and impairments for credit losses by stage is presented in note 7.1.

Change in balance sheet presentation of interest-free loans:

On 30 June 2021, BPCE modified the balance sheet presentation of interest-free loans to better reflect the value of the exposure. The reclassification linked to this change in presentation results in a decrease in assets in the amount of home loans presented under "Loans and receivables due from customers at amortised cost" with an offsetting entry in deferred income, previously recognised in liabilities and which is now deducted from the face value of the loan.

At 31 December 2021:

- On the assets side, the amount of interest-free loans under Loans and receivables due from customers at amortised cost was €100 million at 31 December 2021 in respect of reclassification versus €0 at 31 December 2020;
- On the liabilities side, the amount of interest-free loans entered under Deferred income was €100 million at 31 December 2021 versus €0 million at 31 December 2020.

The following table summarises the effects of this change in presentation on the various items concerned:

In millions of euros	12/31/2021				12/31/2020	12/31/2020
	Before modification	Modification	After modification	Before modification	Modification	After modification
Assets						
Loans and receivables due from customers at amortised cost	34,421.35	- 100.02	34,321.33	30,370.97	-	30,370.97
Liabilities						
Accrued expenses and other liabilities	1,434.33	- 100.02	1,334.31	1,385.06	-	1,385.06

5.6 - Financial asset reclassification

Accounting policies

Reclassifications of financial assets under IFRS 9 are more limited than under IAS 39. It is no longer possible to reclassify a security at amortised cost in case of simple market illiquidity. Reclassification is only possible in the event that the business model has changed due to a strategic decision by the management. As a result, these cases are very limited (e.g. sale of a business sector resulting in transition to run-off of the assets concerned, business restructuring, etc.).

In this case, the reclassification is forward-looking and does not involve any requalification affecting prior periods.

5.7 - Accrued income and other assets

in thousands of euros	12/31/2021	12/31/2020
Collection accounts	62,057	74,098
Prepaid expenses	91,808	56,642
Accrued income	24,196	22,512
Other accruals	33,731	170,323
Accruals – Active	**211,792**	**323,575**
Securities settlement accounts – debit balances	0	0
Guarantee deposits paid	0	
Other debtors	1,037,902	1,077,902
Other assets	**1,037,902**	**1,077,902**
TOTAL ACCRUED INCOME AND OTHER ASSETS	**1,249,694**	**1,401,477**

5.8 - Non-current assets classified as held for sale and associated liabilities

Accounting policies

Where a decision is made to sell non-current assets and it is highly probable that the sale will occur within 12 months, these assets are shown separately on the balance sheet under “Non-current assets held for sale”. Any liabilities associated with these assets are also shown separately in the balance sheet under “Liabilities associated with noncurrent assets held for sale”.

Upon classification in this category, non-current assets are no longer depreciated or amortised and are measured at the lower of carrying amount and fair value less costs to sell. Financial instruments continue to be measured under IFRS 9.

A non-current asset (or group of assets) is held for sale when its carrying amount is recovered through a sale transaction. This asset (or group of assets) must be available immediately for sale and it must be highly likely that the sale will occur within 12 months.

BRED Group does not have such assets.

5.9 - Investment property

Accounting policies

In accordance with IAS 40, investment property is property held to earn rents and for capital appreciation.

The accounting treatment for investment property is the same as that used for property, plant and equipment for Group entities except for some insurance entities, which recognise the property representing insurance investments at fair value, with any adjustment to fair value recorded in income. The fair value is obtained using a multi-criteria approach based on the capitalisation of rents at the market rate and a comparison with market transactions.

The fair value of the Group's investment property is based on regular expert appraisals, except in special circumstances with a material impact on the value of the property.

Investment property leased under an operating lease may have a residual value that will reduce the depreciable amount of the asset.

Capital gains or losses on the disposal of investment property are taken to profit and loss and reported under "Income from other activities" or "Expenses on other activities" except for insurance activities classified as "Income from insurance activities".

	12/31/2021			12/31/2020		
in thousands of euros	Gross amount	Accumulated amortisation, depreciation and impairment	Carrying amount	Gross amount	Accumulated amortisation, depreciation and impairment	Carrying amount
Investment property measured at fair value	///	///	2	///	///	2
Investment property measured at historical cost	4,516	-2,327	2,189	4,472	-2,130	2,342
TOTAL INVESTMENT PROPERTY			**2,191**			**2,344**

Investment properties held by insurance subsidiaries are presented with insurance investments (see note 9).

5.10 - Fixed assets

Accounting policies

This heading includes operating property, plant and equipment, equipment acquired under operating leases, long-term assets acquired under finance leases, and temporarily unrented equipment held under finance leases.

In accordance with IAS 16 and IAS 38, property, plant and equipment and intangible assets are recognised when:

- It is probable that the future economic benefits associated with the asset will accrue to the enterprise;
- The cost of the asset can be measured reliably.

Property, plant and equipment and intangible assets used in operations are initially recognised at cost plus any directly attributable acquisition costs. Software developed internally that fulfils the criteria for recognition as a non-current asset is recognised at its production cost, which includes external charges and the personnel expenses that can be directly assigned to the project.

The component-based asset recognition approach is applied to all buildings.

After first recognition, non-current assets are measured at cost less any accumulated depreciation or amortisation and impairment losses. The depreciable amount of the asset takes into account its residual value where this is material and can be measured reliably.

Non-current assets are depreciated or amortised according to the time over which the asset's expected economic benefits are consumed by the entity, which generally corresponds to the asset's useful life. Where a non-current asset consists of a number of components that have different uses or procure different economic benefits, each component is depreciated or amortised over the period corresponding to the useful life of that component.

The following depreciation and amortisation periods are used by the Banque Populaire banks:

- Façades, roofing and waterproofing: 20 to 40 years;
- Foundations and framework: 30 to 60 years;
- Renovations: 10 to 20 years;
- Technical equipment and installations: 10 to 20 years;
- Fixtures and fittings: 8 to 15 years.

The useful life of other items of property, plant and equipment generally ranges from 5 to 10 years.

Non-current assets are tested for impairment when there is evidence at the balance sheet date that their value might be impaired. If there is such evidence, the asset's recoverable amount is determined and compared with its carrying amount. If the asset's value has been impaired, an impairment loss is recognised in the income statement.
This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer any evidence of impairment.

Assets made available to third parties under operating leases are reported under "Property, plant and equipment" when they are movable property.

in thousands of euros	Gross amount	Accumulated amortisation, depreciation and impairment	Carrying amount	Gross amount	Accumulated amortisation, depreciation and impairment	Carrying amount
Tangible assets	**561,899**	**-280,627**	**281,272**	**664,787**	**-312,761**	**352,026**
Real estate	269,332	-98,108	171,224	260,492	-91,158	169,334
Movable property	292,567	-182,519	110,048	272,397	-159,191	113,206
Property, plant and equipment granted under a operating lease	**0**	**0**	**0**	**0**	**0**	**0**
Movable property	0	0	0	0	0	0
Rights of use under lease agreements	**132,022**	**-57,330**	**74,692**	**131,898**	**-62,412**	**69,486**
Relating to real-estate assets	132,022	-57,330	74,692	131,898	-62,412	69,486
of which contracted over the period	28,798	-2,977	25,821	20,087	-2,384	17,703
Relating to movable property	0	0	0	0	0	0
of which contracted over the period	0	0	0	0	0	0
TOTAL PROPERTY, PLANT AND EQUIPMENT	**693,921**	**-337,957**	**355,964**	**796,685**	**-375,173**	**421,512**
Intangible assets	**121,058**	**-88,220**	**32,837**	**108,792**	**-75,793**	**32,999**
Leasehold rights	14,275	-10,331	3,944	17,562	-13,618	3,944
Software	98,208	-73,009	25,198	83,889	-57,477	26,412
Other intangible assets	8,575	-4,880	3,695	7,341	-4,698	2,643
TOTAL INTANGIBLE ASSETS	**121,058**	**-88,220**	**32,837**	**108,792**	**-75,793**	**32,999**

5.11 - Debt securities

Accounting policies

Debt instruments issued, if they have not been classified as financial liabilities at fair value through profit or loss or as equity, are recognised initially at their fair value minus transaction costs and are subsequently measured at amortised cost at each balance sheet date using the effective interest method.

These instruments are recognised on the balance sheet under “Amounts due to credit institutions”, “Amounts due to customers” or “Debt securities”.

The table below provides an analysis of debt securities by type of instrument, with the exception of subordinated debt securities, which are classified under “Subordinated debt”.

Securities are recognised on the balance sheet on the settlement-delivery date.

The first-in, first-out (FIFO) method is applied to any partial disposals of securities, except in specific cases.

A new category of liabilities eligible for the TLAC (Total Loss Absorbing Capacity) numerator has been introduced by French law and is commonly referred to as “senior non-preferred”. These liabilities have an intermediate rank between that of equity and other debts known as “senior preferred”.

in thousands of euros	**12/31/2021**	**12/31/2020**
Bonds	0	0
Interbank instruments and negotiable debt securities	7,349,178	8,954,003
Other debt securities that are neither non-preferred nor subordinated	0	0
Non-preferred debts	0	0
Total	**7,349,178**	**8,954,003**
Accrued interest	-1,092	-412
TOTAL DEBT SECURITIES	**7,348,086**	**8,953,591**

The fair value of debt securities is presented in note 10.

5.12 - Amounts due to credit institutions and customers

Accounting policies

These liabilities, which are not classified as financial liabilities at fair value through profit or loss, are carried on the balance sheet at amortised cost under “Amounts due to credit institutions” or “Amounts due to customers”.

Debt instruments issued, if they have not been classified as financial liabilities at fair value through profit or loss or as equity, are recognised initially at their fair value minus transaction costs and are subsequently measured at amortised cost at each balance sheet date using the effective interest method.

These instruments are recognised on the balance sheet under “Amounts due to credit institutions”, “Amounts due to customers” or “Debt securities” (note 5.11).

Transactions involving temporary sales of securities are recorded at the settlement-delivery date.

For securities repurchase agreements, a financing commitment received is recorded between the trade date and the settlement-delivery date where these transactions are entered under “Debt”.

5.12.1 - Amounts due to credit institutions and similar

The fair value of amounts due to credit institutions is presented in note 10.

in thousands of euros	**12/31/2021**	**12/31/2020**
Demand deposits	712,511	1,151,441
Repurchase agreements	0	0
Accrued interest	0	91
Amounts due to credit institutions and similar – repayable on demand	**712,511**	**1,151,532**
Term loans and deposits	17,055,718	12,119,827
Repurchase agreements	964,593	548,961
Accrued interest	-35,165	-14,039
Term debt to credit institutions and equivalent	**17,985,146**	**12,654,749**
Guarantee deposits received	**795,574**	**503,612**
TOTAL DEBT TO CREDIT INSTITUTIONS AND EQUIVALENT	**19,493,231**	**14,309,893**

The fair value of amounts due to credit institutions is presented in note 10.

Amounts owed in respect of transactions with the network came to €7,638.69 million at 31 December 2021 (versus €4,623.31 million at 31 December 2020).

The increase in transactions with the network in 2021 is linked to the optimisation of the circulation of regulatory liquidity within the Group by the central body.

5.12.2 - Amounts due to customers

in thousands of euros	**12/31/2021**	**12/31/2020**
Credit balances on ordinary accounts	**21,763,863**	**20,105,923**
A booklet	1,517,784	1,422,584
Regulated home savings plans (PEL) and regulated home savings accounts (CEL)	1,909,108	1,923,985
Other special savings accounts	3,845,403	3,407,450
Accrued interest	2	1
Special savings accounts	**7,272,297**	**6,754,020**
Demand deposits and loans	4,036,442	6,433,247
Term deposits and loans	6,252,458	3,237,316
Accrued interest	15,278	13,991
Other customer accounts	**10,304,178**	**9,684,554**
Demand	0	0
Term	421,560	384,126
Accrued interest	-170	52
Repurchase agreements	**421,390**	**384,178**
Other amounts due to customers	**0**	**0**
Guarantee deposits received	**3,232**	**2,139**
TOTAL AMOUNTS DUE TO CUSTOMERS	**39,764,960**	**36,930,813**

The fair value of amounts due to customers is presented in note 10.

5.13 - Accrued expenses and other liabilities

in thousands of euros	12/31/2021	12/31/2020
Collection accounts	543,133	245,397
Prepaid income (1)	176,991	267,841
Accounts payable	103,339	86,067
Other accruals	134,392	436,935
Accrual accounts – liabilities	**957,855**	**1,036,240**
Securities settlement accounts – credit balances	0	0
Sundry creditors	301,291	279,244
Rental liabilities	75,165	69,577
Other liabilities	**376,456**	**348,821**
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**1,334,311**	**1,385,061**

(1) The change in home loans is related in particular to a change in the presentation of interest-free loans (PTZ) – see Change in the presentation of interest-free loans, note 5.5.3.

5.14 - Provisions

Accounting policies

Provisions other than those relating to employee benefit obligations and similar, home savings products, execution risk on off-balance sheet commitments and insurance contracts relate mainly to claims and litigation, fines and penalties, tax risks (other than income tax) and restructurings.

Provisions are liabilities whose maturity or amount is uncertain but may be reliably estimated. They represent current legal or constructive obligations resulting from a past event whose settlement is likely to require an outflow of resources.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.
Provisions are discounted when the impact of discounting is material.

Charges to and reversals of provisions are recognised in the income statement on the line items corresponding to the type of future expenditure provisioned.

Commitments in respect of regulated home savings products

Regulated home savings accounts (CEL) and regulated home savings plans (PEL) are retail products distributed in France and governed by the 1965 law on home savings plans and accounts and subsequent enabling decrees.

Regulated home savings products generate two types of obligations for the banks marketing them:

- An obligation to provide a loan to the customer in the future at a rate set on inception of the contract (for PEL products) or at a rate contingent upon the savings phase (for CEL products);
- An obligation to pay interest on the savings in the future at a rate set on inception of the contract for an indefinite period (for PEL products) or at a rate set on a half-yearly basis according to an indexing formula regulated by law (for CEL products).

Obligations with potentially unfavourable consequences are measured for each generation of regulated home savings plans and for regulated home savings accounts as a whole.

A provision is recognised for the associated risks, which is calculated by discounting future potential earnings from at-risk savings and loans:

- At-risk savings correspond to the uncertain future level of savings for plans in existence at the date the provision is calculated. This is estimated on a statistical basis for each future period taking into account customer behaviour patterns, and corresponds to the difference between the probable savings and the minimum expected savings;
- At-risk loans correspond to the outstanding loans granted but not yet due at the calculation date, plus statistically probable outstanding loans based on customer behaviour patterns as well as earned and estimated future rights relating to regulated home savings accounts and plans.

Earnings of future periods over the savings phase are estimated, for a given generation of contracts, as the difference between the regulated rate offered and the expected interest accruing on a rival savings product.
The obligations are estimated using the Monte Carlo method in order to reflect the uncertainty of future interest rate trends and their impact on customer behaviour models and at-risk outstandings.

On this basis, a provision is established on the same generation of contracts in the event of a potentially unfavourable situation for the group, without netting between generations.

These provisions are recognised under liabilities in the balance sheet and changes are recorded in interest income and expense.

Provisions are detailed in the table of changes below, with the exception of provisions for expected credit losses on financing and guarantee commitments, which are detailed in note 7.

in thousands of euros	1/1/2021	Increase	Use	Unused reversals	Other movements (1)	12/31/2021
Provisions for employee benefit obligations (2)	80,318	4,784	-920	-5,200	-27,821	51,162
Provisions for restructuring	0	0	0	0	0	0
Legal risks	15,382	8,344	0	-2,410	77	21,392
Loan and guarantee commitments (3)	59,222	19,745	0	-12,306	-3,076	63,585
Provisions for home savings products	18,358	2,247	0	0	0	20,605
Other operating provisions	12,281	2,665	0	-925	-601	13,421
TOTAL PROVISIONS	**185,561**	**37,786**	**-920**	**-20,841**	**-31,421**	**170,165**

(1) Other movements include the revaluation adjustment of defined benefit post-employment plans, as well as impacts relating to changes in scope and conversion.
(2) Of which €49.6 million relating to defined benefit post-employment plans and other long-term benefits (see 8.2.1). The implementation of the IFRS IC decision relating to IAS 19 – Employee Benefits in 2021 resulted in a decrease in provisions of €4.2 million with an offsetting entry in consolidated reserves.
(3) Provisions on loan and guarantee commitments have been estimated according to the IFRS 9 methodology since 1 January 2018.

5.14.1 - Deposits held in regulated home savings products

in thousands of euros	12/31/2021	12/31/2020
Deposits held in regulated home savings plans (PEL)		
- less than 4 years	148,071	162,608
- more than 4 years and less than 10 years	944,587	911,635
- more than 10 years	645,814	671,449
Deposits held in regulated home savings plans	**1,738,472**	**1,745,692**
Deposits held in regulated home savings accounts	**176,658**	**169,828**
TOTAL DEPOSITS HELD IN REGULATED HOME SAVINGS PRODUCTS	**1,915,130**	**1,915,520**

5.14.2 - Loans granted in connection with regulated home savings products

in thousands of euros	12/31/2021	12/31/2020
Loans granted under PEL regulated home savings plans	434	601
Loans granted under CEL regulated home savings accounts	466	738
TOTAL LOANS GRANTED IN CONNECTION WITH REGULATED HOME SAVINGS PRODUCTS	**899**	**1,339**

5.14.3 - Provisions for regulated home savings products

in thousands of euros	12/31/2021	12/31/2020
Provisions for regulated home savings plans		
- less than 4 years	1,973	2,406
- more than 4 years and less than 10 years	4,002	3,553
- more than 10 years	12,565	11,093
Provisions for regulated home savings plans	**18,539**	**17,052**
Provisions for regulated home savings accounts	**2,079**	**1,324**
Provisions for PEL regulated home savings loans	-5	-7
Provisions for CEL regulated home savings loans	-8	-11
Provisions for regulated home savings loans	**-13**	**-18**
TOTAL PROVISIONS FOR REGULATED HOME SAVINGS PRODUCTS	**20,605**	**18,358**

5.15 - Subordinated debt

Accounting policies

Subordinated debt differs from issues of other debt and bonds in that it will be repaid only after all the senior and unsecured creditors, but before the repayment of participating loans and securities and deeply subordinated notes.

Subordinated debt that the issuer is obliged to repay is classified as debt and recorded initially at fair value minus transaction costs; subsequently it is measured at amortised cost at each balance sheet date using the effective interest method.

in thousands of euros	12/31/2021	12/31/2020
Subordinated debt issued for trading		
Subordinated debt designated at fair value by option	0	0
SUBORDINATED DEBT AT FAIR VALUE THROUGH PROFIT OR LOSS	**0**	**0**
Term subordinated debt	0	0
Undated subordinated debt	0	0
Undated super-subordinated debt	0	0
Preferred shares	0	0
Mutual guarantee deposits	6,462	6,554
Subordinated and similar debt	**6,462**	**6,554**
Accrued interest	0	0
Revaluation of the hedged component	0	0
SUBORDINATED DEBT AT AMORTISED COST	**6,462**	**6,554**
TOTAL SUBORDINATED DEBT (1)	**6,462**	**6,554**

The fair value of subordinated debt is presented in note 16.

Changes in subordinated and similar debt during the year

in thousands of euros	1/1/2021	Issue (1)	Redemption (2)	Other movements	12/31/2021
Subordinated debt designated at fair value by option	0	0	0	0	0
SUBORDINATED DEBT AT FAIR VALUE THROUGH PROFIT OR LOSS	**0**	***0***	***0***	***0***	***0***
Term subordinated debt	0	0	0	0	0
Undated subordinated debt	0	0	0	0	0
Undated super-subordinated debt	0	0	0	0	0
Preferred shares	0	0	0	0	0
Mutual guarantee deposits	6,554	505	0	-597	6,462
SUBORDINATED DEBT AT AMORTISED COST	**6,554**	**505**	**0**	**-597**	**6,462**
SUBORDINATED AND SIMILAR DEBT	**6,554**	**505**	**0**	**-597**	**6,462**

(1) There were no subordinated debt issues by BRED Group during the 2021 financial year.
(2) The repayments only relate to mutual guarantee deposits.

5.16 - Ordinary shares and other equity instruments issued

Accounting policies

Financial instruments issued by the Group are classified as debt or equity instruments depending on whether or not the issuer has a contractual obligation to deliver cash or another financial asset to the holder, or to exchange the instruments under conditions that are potentially unfavourable. This obligation must arise from specific contractual terms and conditions, and not from purely economic constraints.
In addition, when an instrument qualifies as equity:

- Its remuneration affects equity. On the other hand, the tax effect on these distributions may be recognised according to the origin of the amounts distributed, in consolidated reserves, in gains and losses recognised directly in equity or in profit or loss, in accordance with the amendment to IAS 12 of December 2017 applicable as of 1st January 2019. When the distribution corresponds to the notion of dividends within the meaning of IFRS 9, the tax effect is therefore recognised in profit or loss. This provision should apply to interest relating to the issuance of indeterminate supersubordinated securities considered to be dividends from an accounting perspective;
- It cannot be an underlying item eligible for hedge accounting;
- If the issue is in a foreign currency, the instrument is fixed at its historical value resulting from its conversion to euros at its initial date of transfer to equity.

Finally, when these instruments are issued by a subsidiary, they are included in “Non-controlling interests”. When their remuneration is of a cumulative nature, it is charged to “Profit or loss attributable to equity holders of the parent company” and increases the income of “Non-controlling interests”. However, when their remuneration is not of a cumulative nature, it is deducted from consolidated reserves attributable to equity holders of the parent company.

5.16.1 - Cooperative shares

Accounting policies

The IFRIC 2 interpretation, Members’ Shares in Cooperative Entities and Similar Instruments, clarifies the provisions of IAS 32. In particular, it specifies that the member’s contractual right to request redemption does not, in itself, automatically give rise to an obligation for the issuer. The entity must take the contractual terms and conditions into consideration to determine a cooperative share’s classification as a debt or equity for accounting purposes.

Based on this interpretation, cooperative shares are classified as equity if the entity has an unconditional right to refuse redemption of such shares or if applicable local laws, regulations or the entity’s articles of association prohibit or severely restrict their redemption.

Based on the existing statutory provisions relating to minimum capital requirements, cooperative shares issued by the Group’s relevant entities are treated as equity.

in thousands of euros	12/31/2021 Number	Nominal	Capital	12/31/2020 Number	Nominal	Capital
Cooperative shares						
Opening value	132,026,661	10.42	1,375,718	130,674,465	10.42	1,361,628
Capital increase	10,845,046	10.42	113,005			
Dividend paid in form of cooperative shares				1,352,196	10.42	14,090
Capital decrease						
Other changes		0.05	7,144			
Closing value	**142,871,707**	**10.47**	**1,495,867**	**132,026,661**	**10.42**	**1,375,718**

5.16.2 - Undated deeply subordinated notes classified as equity

Issuing entity	Issue date	Currency	Amount (in original currency)	Redemption option date	Interest surcharge date (2)	Rate	Nominal (in thousands of euros (1)) 12/31/2021	12/31/2020
TOTAL							**0**	**0**

(1) Nominal converted into euros at the exchange rate prevailing on the date of classification in equity.
(2) Date of interest increase or date of transfer from fixed rate to variable rate.

5.17 - Non-controlling interests

Information relating to subsidiaries and consolidated structured entities for which non-controlling interests are material with regard to total Group members' equity is shown below:

in thousands of euros				12/31/2021 Non-controlling interests			Summary financial information for 100% equity interests			
Name of entity	Location	Percentage of non-controlling interests	Percentage of control of non-controlling interests (if different)	Income attributed during the period to holders of non-con-trolling interests	Amount of the subsidiary's non-controlling interests	Dividends paid to holders of non-controlling interests	Assets	Debt	Net income (group share)	Comprehensive income group share
Subsidiaries		**%**	**%**							
BRED Vanuatu	Vanuatu	15.00%	15.00%	-630	7,656	0	259,213	230,311	3,567	5,110
BCI Mer Rouge	Djibouti	49.00%	49.00%	232	9,222	0	259,921	255,307	-242	977
Banque Franco Lao	Laos	30.00%	30.00%	-359	10,086	0	116,820	111,263	839	-3,167
BRED Fiji	Fiji	10.00%	10.00%	-137	6,238	0	392,404	392,619	1,232	2,734
Other entities				-1,064	3,735					
Structured entities		**%**	**%**							
Total at 31/12/2021				**-1,958**	**36,937**	**0**	**1,028,358**	**989,501**	**5,396**	**5,654**

in thousands of euros				12/31/2020 Non-controlling interests			Summary financial information for 100% equity interests			
Name of entity	Location	Percentage of non-controlling interests	Percentage of control of non-controlling interests (if different)	Income attributed during the period to holders of non-controlling interests	Amount of the subsidiary's non-controlling interests	Dividends paid to holders of non-controlling interests	Assets	Debt	Net income (group share)	Comprehensive income group share
Subsidiaries		%	%							
BRED Vanuatu	Vanuatu	15.00%	15.00%	197	6,057	0	227,669	205,140	1,114	1,451
BCI Mer Rouge	Djibouti	49.00%	49.00%	195	8,795		233,673	229,932	203	735
Banque Franco Lao	Laos	30.00%	30.00%	288	9,825		105,118	98,232	673	-775
Other entities										
Structured entities		%	%	-530	2,063					
Total at 31/12/2020				**150**	**26,740**	**0**	**566,460**	**533,304**	**1,990**	**1,411**

5.18 - Change in gains and losses recognised directly in equity

Accounting policies

For equity financial assets recognised in equity, in the event of a sale, changes in fair value are not transferred to profit or loss. These items cannot be reclassified in income.

In thousands of euros	2021 financial year			2020 financial year		
	Gross	Tax	Net	Gross	Tax	Net
Revaluation of intangible assets						
Revaluation (or actuarial gains or losses) relating to defined-benefit schemes	23,889	-5,470	18,419	-1,804	326	-1,477
Revaluation of credit risk associated with financial liabilities recognised by option at fair value through profit or loss	0	0	0	0	0	0
Revaluation of equity financial assets recognised in financial assets at fair value through equity	200,876	-8,553	192,323	-189,248	5,828	-183,420
Revaluation of available-for-sale assets from insurance activities	0	0	0	0	0	0
Items of the share of gains or losses recognised directly in equity of companies accounted for under the equity method	-723	6	-717	-393	149	-243
Other items recognised through other comprehensive income on items that cannot be recycled in net income	0	0	0	0	0	0
Items that cannot be recycled to income	**224,042**	**-14,017**	**210,025**	**-191,445**	**6,304**	**-185,141**
Translation differences	991	///	991	-6,197	///	-6,197
Revaluation of financial assets at fair value through equity that can be recycled	-1,987	853	-1,134	15,105	-3,902	11,203
Revaluation of available-for-sale assets from insurance activities	4,910	-1,265	3,645	1,582	-407	1,175
Revaluation of derivative hedges of items that can be recycled in net income	406	2,388	2,794	-10,003	361	-9,642
Items of the share of gains or losses recognised directly in equity of companies accounted for under the equity method	4,352	-814	3,538	-7,952	577	-7,375
Other items recognised through other comprehensive income on items that can be recycled in net income	0	0	0	0	0	0
Items that can be recycled to income	**8,672**	**1,162**	**9,834**	**-7,466**	**-3,370**	**-10,836**
Gains and losses recognised directly in equity (net of tax)	**232,714**	**-12,855**	**219,859**	**-198,910**	**2,933**	**-195,977**
Attributable to equity holders of the parent company	232,990	-12,855	220,135	-196,611	2,933	-193,678
Non-controlling interests	-276	0	-276	-2,299	0	-2,299

5.19 - Netting financial assets and liabilities

Accounting policies

Financial assets and liabilities netted in the balance sheet were netted in line with the criteria of IAS 32. According to this standard, a financial asset and a financial liability are netted and a net balance is presented on the balance sheet if and only if:

- The Group has a legally enforceable right to net the recognised amounts;
- If it intends to either settle the net amount or realise the asset and settle the liability simultaneously.

Within BRED Group, most of the netted amounts come from listed derivative transactions for which the IAS 32 criteria are met:

- For OTC derivatives, this is the currency netting of active valuations and passive valuations of derivatives and margin calls (*variation margin*);
- For asset swap transactions with similar nominal values, as well as identical maturities and currencies, the Group presents these transactions in the form of a single financial asset or liability;
- For listed derivatives, the positions recorded respectively in the assets and liabilities relating to:

- o Index options and futures options are netted by maturity and currency;
- o Equity options are netted by ISIN code and maturity date;

- For repurchase agreements, the amount recorded in the balance sheet corresponds to the net amount of repurchase agreements and securities lending agreements that:

  - o Are entered into with the same clearing house,
  - o Have the same maturity date,
  - o The same custodian (except if the custodian has joined the T2S platform),
  - o Are concluded in the same currency.

Financial assets and liabilities under netting agreements can be netted only when they meet the restrictive netting criteria of IAS 32.

In the event that over-the-counter derivatives or repurchase agreements under master agreements do not respect the net settlement criteria or completion of simultaneous settlement of the asset and liability cannot be demonstrated or if the netting right can only be exercised in the event of the default, insolvency or bankruptcy of one of the parties to the agreement, netting cannot be carried out. Nevertheless, the effect of these agreements on the reduction of exposure is reflected in the second table.

For these instruments, the columns "Associated financial assets and financial instruments pledged as collateral" and "Associated financial liabilities and financial instruments pledged as collateral" comprise, inter alia:

- For repurchase agreements:

  - o The loans or lending resulting from reverse repurchase agreements with the same counterparty and securities received or pledged as collateral (for the fair value of the said securities),
  - o Margin calls in the form of securities (for the fair value of the said securities);

- For derivatives operations, fair values in the reverse direction with the same counterparty, and margin calls in the form of securities.

The margin calls received or paid in cash figure in the "Margin calls received (cash collateral)" and "Margin calls paid (cash collateral)" columns.

5.19.1 - Financial assets

Effects of netting on financial assets in the balance sheet related to netting agreements

	12/31/2021			12/31/2020		
in thousands of euros	**Gross financial assets (1)**	**Gross amount of financial liabilities netted in the balance sheet**	**Net amount of financial assets recognised in the balance sheet**	**Gross amount of financial assets**	**Gross amount of financial liabilities netted in the balance sheet**	**Net amount of financial assets recognised in the balance sheet**
Derivatives (transactions and hedging)	1,732,182	15,699	**1,716,483**	1,969,902	91,578	1,878,324
Repurchase agreements	0	0	0	0	0	0
Financial assets at fair value	**1,732,182**	**15,699**	**1,716,483**	**1,969,902**	**91,578**	**1,878,324**
Repurchase agreements (portfolio of loans and receivables)	**4,377,259**	**934,792**	**3,442,467**	**3,149,851**	**0**	**3,149,851**
TOTAL	**6,109,441**	**950,491**	**5,158,950**	**5,119,753**	**91,578**	**5,028,175**

(1) Includes the gross amount of financial assets that are the subject of netting or an enforceable global netting agreement as well as financial assets that are not subject to any agreement.

Effects of netting agreements not recognised in the accounts as financial assets

in thousands of euros	12/31/2021 Net amount of financial assets recognised in the balance sheet	12/31/2021 Related financial liabilities and financial instruments received as collateral	12/31/2021 Margin calls received (cash collateral)	12/31/2021 Net exposure	12/31/2020 Net amount of financial assets recognised in the balance sheet	12/31/2020 Related financial liabilities and financial instruments received as collateral	12/31/2020 Margin calls received (cash collateral)	12/31/2020 Net exposure
Derivatives	1,374,458	783,871	489,688	**100,899**	1,811,110	1,496,473	149,276	**165,361**
Repurchase agreements	2,632,776	2,630,797	10	**1,969**	2,847,126	2,762,962	84,121	**43**
Other assets	0	0	0	**0**	0	0	0	**0**
TOTAL	**4,007,234**	**3,414,668**	**489,698**	**102,868**	**4,658,236**	**4,259,435**	**233,397**	**165,404**

Net exposure is therefore not a reflection of the accounting position, since it takes into account the reduction in exposure related to agreements that do not meet the restrictive netting criteria of IAS 32.

5.19.2 - Financial liabilities

Effects of netting on financial liabilities in the balance sheet related to netting agreements

in thousands of euros	12/31/2021 Gross financial liabilities (1)	12/31/2021 Gross amount of financial assets netted in the balance sheet	12/31/2021 Net amount of financial liabilities recognised in the balance sheet	12/31/2020 Gross amount of financial liabilities	12/31/2020 Gross amount of financial assets netted in the balance sheet	12/31/2020 Net amount of financial liabilities recognised in the balance sheet
Derivatives (transactions and hedging)	1,880,001	15,699	1,864,302	2,461,061	91,578	2,369,483
Repurchase agreements	0	0	0	0	0	0
Other financial instruments	0	0	0	0	0	0
Financial liabilities at fair value	**1,880,001**	**15,699**	**1,864,302**	**2,461,061**	**91,578**	**2,369,483**
Repurchase agreements (debt portfolio)	**2,320,940**	**934,792**	**1,386,148**	**932,484**	**0**	**932,484**
Other financial instruments (debt portfolio)	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL	**4,200,941**	**950,491**	**3,250,450**	**3,393,545**	**91,578**	**3,301,967**

(1) Includes the gross amount of financial assets that are the subject of netting or an enforceable global netting agreement as well as financial liabilities that are not subject to any agreement.

Effects of netting agreements not recognised in the accounts as financial liabilities

in thousands of euros	12/31/2021 Net amount of financial liabilities recognised in the balance sheet	12/31/2021 Related financial liabilities and financial instruments given as collateral	12/31/2021 Margin calls paid (cash collateral)	12/31/2021 Net exposure	12/31/2020 Net amount of financial liabilities recognised in the balance sheet	12/31/2020 Related financial liabilities and financial instruments given as collateral	12/31/2020 Margin calls paid (cash collateral)	12/31/2020 Net exposure
Derivatives	1,789,209	783,871	969,935	**35,403**	2,241,508	1,496,473	707,674	**37,361**
Repurchase agreements	1,385,895	1,385,275	174	**446**	932,484	900,723	31,761	**0**
Other liabilities	0	0	0	**0**	0	0	0	**0**
TOTAL	**3,175,104**	**2,169,146**	**970,109**	**35,849**	**3,173,992**	**2,397,196**	**739,435**	**37,361**

Net exposure is therefore not a reflection of the accounting position, since it takes into account the reduction in exposure related to agreements that do not meet the restrictive netting criteria of IAS 32.

5.20 - Transferred financial assets, other financial assets pledged as collateral and assets received as collateral that can be sold or re-pledged

Accounting policies

A financial asset (or group of similar financial assets) is derecognised when the contractual rights to the asset's future cash flows have expired or when such rights are transferred to a third party, together with substantially all of the risks and rewards associated with ownership of the asset. In such a case, all the rights and obligations that may be created or retained at the time of the transfer are recognised separately under financial assets and liabilities.

When a financial asset is derecognised in full, a gain or loss on disposal is recorded in the income statement reflecting the difference between the carrying amount of the asset and the consideration received.

If the Group has neither transferred nor retained almost all the risks and benefits, but has retained control of the asset, the asset will be recognised on the balance sheet to the extent that the Group continues to be involved with the asset.

If the Group has neither transferred nor retained almost all the risks and benefits, but has not retained control of the asset, the asset will be derecognised and all the rights and obligations created or retained at the time of the transfer will be recognised separately in financial assets and liabilities.

If all the conditions for derecognising a financial asset are not met, the Group keeps the asset in the balance sheet and records a liability representing the obligations arising when the asset is transferred.

A financial liability (or a part of a financial liability) is removed from the balance sheet only when it is extinguished, which is to say when the obligation specified in the contract is discharged or cancelled or expires.

Repurchase agreements

The securities are not derecognised in the assignor's accounts. A liability representing the commitment to return the funds received is identified. This debt is a financial liability recorded at amortised cost or at fair value through profit or loss when this liability is part of a transaction business model.

The assets received are not recognised in the assignee's books, but a receivable on the assignor is recognised representing the funds lent. The amount disbursed in respect of the asset is recognised under "Securities received under repurchase agreements". On subsequent balance sheet dates, the securities continue to be accounted for by the assignor in accordance with the rules applicable to the category in which they were initially classified. The purchaser values the receivable using the appropriate method for its category, i.e. amortised cost if classified in "Loans and receivables" or fair value through profit or loss if it arises from a trading business model.

Securities lending

Lent securities are not derecognised in the assignor's accounts. They continue to be recognised in the category in which they were initially classified and valued accordingly. For the borrower, the securities borrowed are not recognised.

Transactions leading to substantial changes in financial assets

When an asset undergoes substantial changes (in particular following a renegotiation or a remodelling due to financial difficulties), it is derecognised, to the extent that the rights to the initial cash flows have in substance expired. The Group considers that this is the case for:

- Changes leading to a change of counterparty, especially if the new counterparty's credit quality is very different from that of the former counterparty;
- Changes aimed at shifting from a highly structured indexation to a basic indexation, to the extent that the two assets do not bear the same risks.

Transactions leading to substantial changes in financial liabilities

A substantial change in the terms of an existing debt instrument must be recognised as extinction of the old debt and its replacement by a new debt. The amendment to IFRS 9 of 12 October 2017 clarified the treatment under IFRS 9 of changes in liabilities recognised at amortised cost, in the event that the change does not result in derecognition: the gain or loss resulting from the difference between the original cash flow and the discounted cash flow at the original effective interest rate should be recorded in profit or loss. In order to judge the material nature of the change, IFRS 9 has set a threshold of 10% based on the discounted cash flows, incorporating any charges and fees: if the difference is 10% or more, all the costs and expenses incurred will be recognised as a profit or loss when the debt is paid off.

The Group considers that there are other changes that can be considered substantial, such as a change of issuer (even within a same group) or a change of currency.

5.20.1 - Transferred financial assets not wholly derecognised and other financial assets pledged as collateral

	Net carrying amount				
in thousands of euros	**Securities lending**	**Repurchase agreements**	**Assets transferred or pledged as collateral**	**Securitisations**	**12/31/2021**
Financial assets at fair value through profit or loss – Held for trading	1,709,278	284,643	47,289	0	2,041,210
Financial assets at fair value through profit or loss – By option	0	0	0	0	0
Financial assets at fair value through profit or loss – Non-basic	0	0	0	0	0
Financial assets at fair value through profit or loss – Excluding trading	0	0	0	0	0
Financial assets at fair value in equity	5,502,106	1,235,635	1,208,340	0	7,946,081
Financial assets at amortised cost	0	0	99	2,158,257	2,158,356
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**7,211,384**	**1,520,278**	**1,255,728**	**2,158,257**	**12,145,647**
including transferred financial assets not fully derecognised	***7,211,384***	***1,520,278***	***99***	***2,158,257***	***10,890,018***

The amount of liabilities associated with financial assets pledged as collateral under repurchase agreements amounted to €1,533.7 million at 31 December 2021 (€599.3 million at 31 December 2020).

The fair value of the assets pledged as collateral in the context of non-deconsolidating securitisation transactions amounted to €2,158.3 million at 31 December 2021 (€805.7 million at 31 December 2020) and the related liability amounted to €300 million at 31 December 2021.

	Net carrying amount				
in thousands of euros	**Securities lending**	**Repurchase agreements**	**Assets transferred or pledged as collateral**	**Securitisations**	**12/31/2020**
Financial assets at fair value through profit or loss – Held for trading	763,485	139,273	440,761	0	1,343,519
Financial assets at fair value through profit or loss – By option	0	0	0	0	0
Financial assets at fair value through profit or loss – Non-basic	0	0	0	0	0
Financial assets at fair value through profit or loss – Excluding trading	0	0	0	0	0
Financial assets at fair value in equity	6,581,225	455,407	1,856,548	0	8,893,180
Financial assets at amortised cost	777,318	0	588	805,735	1,583,641
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**8,122,028**	**594,680**	**2,297,897**	**805,735**	**11,820,340**
including transferred financial assets not fully derecognised	***8,122,028***	***594,680***	***588***	***805,735***	***9,523,031***

5.20.1.1 - Comments on transferred financial assets

Repurchase agreements and securities lending

BRED Group carries out repurchase agreements and securities lending transactions.

Under the terms of the agreements, the security may be re-sold by the assignee during the term of the repurchase or securities lending agreement. The assignee must however return the security to the assignor on maturity of the transaction. The cash flows generated by the security also accrue to the assignor.

The Group considers that it retains virtually all the risks and benefits of securities sold under repurchase agreements or lent. Accordingly, it does not derecognise these securities. A financing amount is recognised under liabilities in respect of securities sold under repurchase agreements or securities lending agreements when such agreements are financed.

Transfers of receivables

BRED Group transfers receivables as collateral (Articles L.211-38 or L.313-23 et seq. of the French Monetary and Financial Code) under guaranteed refinancing operations, particularly with the Central Bank. This type of transfer as collateral involves the legal transfer of contractual rights and thus the "transfer of assets" in the meaning of the amendment to IFRS 7. The Group nonetheless remains exposed to virtually all the risks and benefits, which translates into the receivables being maintained in the balance sheet.

Consolidated securitisations

Securitisations consolidated with external investors constitute a transfer of assets in the meaning of the amendment to IFRS 7.

The Group has an indirect contractual obligation to issue the external investors with the cash flow of assets transferred to the securitisation fund (although these assets figure in the Group's balance sheet via the consolidation of the fund).

5.20.1.2 - Comments on financial assets pledged as collateral but not transferred

Financial assets provided as collateral but not transferred are generally given as collateral in the form of a pledge. The main mechanism concerns securities pledged as collateral for European Central Bank (ECB) refinancing operations.

Moreover, in compliance with the French legal framework, the intrinsic guarantees associated with the securitised bond issues are not accounted for as pledged collateral.

5.20.1.3 - Financial assets received as collateral that can be sold or re-pledged

	Reusable financial instruments			
	Fair value of reusable financial instruments		**Fair value of reused financial instruments**	
in thousands of euros	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
-				
Debt securities	8,050,206	7,904,277	1,843,966	1,426,578
Equity instruments	3,781,030	4,094,777	155	1,260
Loans and advances				
Other				
TOTAL FINANCIAL ASSETS RECEIVED AS COLLATERAL THAT CAN BE SOLD OR RE-PLEDGED	**11,831,236**	**11,999,054**	**1,844,121**	**1,427,838**

The assets in question are mainly securities received under repurchase agreements and borrowed securities.

5.20.2 - Wholly derecognised financial assets for which the Group retains an ongoing commitment

None.

5.21 - Financial instruments subject to the reform of reference rates

Accounting policies

In accordance with the amendments to IFRS 9 and IAS 39 relating to the reform of reference rates (phase 1), until the uncertainties related to the reform disappear, it is considered that:

- Transactions designated as items hedged by cash-flow hedges are “highly likely”, since hedged flows are not considered to be altered by the reform;
- Prospective effectiveness tests of fair-value hedges and cash-flow hedges are not called into question by the effects of the reform, in particular hedge accounting may be maintained if back-to-back tests are removed from the 80-125% limits during this transitional period, although the ineffective portions of hedging relationships still need to be recognised in the income statement;
- The hedged risk component, when designated on the basis of a reference rate, is considered to be separately identifiable.

BRED Group considers that all its hedging contracts, which have a BOR or EONIA component, are concerned by the reform and may therefore benefit from these amendments as long as uncertainty exists regarding the contractual amendments to be made due to the regulations, the substitution index to be used or the duration of the provisional rate application period. BRED Group's main exposure results from its derivative contracts and its loan and borrowing agreements at the EURIBOR rate, EONIA rate and US LIBOR rate.

The phase 2 amendments, after the implementation of alternative rates, introduce a practical expedient, which consists in changing the effective interest rate prospectively with no impact on net income in the event that changes in financial instrument flows are exclusively related to the reform and enable an economic equivalence to be maintained between old and new flows.

They also introduce, if these conditions are met, relaxations of the eligibility criteria for hedge accounting in order to maintain the hedging relationships affected by the reform. These provisions concern in particular the impacts related to hedging redocumentation, portfolio hedging, the treatment of the OCI reserve for cash-flow hedges, the identification of an identifiable risk component, and retrospective effectiveness tests.

These amendments were applied in advance by the BRED Group in the accounts of 31 December 2020 and will continue to apply mainly to Euribor and USD LIBOR, which have not yet been remedied.

European Regulation (EU) 2016/1011 of 8 June 2016 on indices used as benchmarks (the “Benchmark Regulation” or “BMR”) establishes a common framework to ensure the accuracy and integrity of the indices used as a benchmark in financial instruments and financial contracts or to measure the performance of investment funds in the European Union.

The purpose of the Benchmark Regulation is to regulate the provision of benchmarks, the provision of underlying data for a benchmark and the use of benchmarks within the European Union. It provides for a transitional period for administrators, who have until 1st January 2022 to be approved or registered. From that date, the use by European Union-supervised entities of benchmarks from non-authorised or unregistered administrators (or, if not located in the EU, administrators that are not subject to equivalent or otherwise recognised or endorsed rules) will be prohibited.

In relation to the BMR Benchmarks Regulation, the EURIBOR, LIBOR and EONIA interest-rate benchmarks were reported as critical benchmarks.

The reform of the benchmark indices was accelerated by announcements, starting in March 2021, from the Financial Conduct Authority (FCA), the British regulator which oversees the ICE Benchmark Administration (LIBOR administrator):

- Confirming the cessation, after 31 December 2021, of the publication of the EUR, CHF, JPY and GBP LIBORs, with the publication of the USD LIBOR being extended until 30 June 2023 (except for 1-week and 2-month tenors which will end after 31 December 2021);

- Authorising, for a limited period, for existing contracts (with the exception of cleared derivatives) indexed to the YEN and GBP LIBORs (1-month, 3-month and 6-month tenors), as from 1st January 2022, the use of synthetic LIBOR indices based on risk-free rates, published by the ICE Benchmark Administration;
- Aiming to limit the use of the USD LIBOR, for new contracts, from the end of 2021, with a similar announcement made in November 2021 by the US authorities.

For its part, on 22 October 2021, the European Union published two regulations (Implementing Regulations (EU) 2021/1847 and 2021/1848) designating the statutory replacement rate for CHF LIBOR (Implementing Regulation (EU) 2021/1847) to be the SARON compound rate, plus the spread adjustment with CHF LIBOR determined by ISDA on 5 March 2021 (adjustment determined following the FCA's announcement of the discontinuation of the index) and the statutory replacement for EONIA (Implementing Regulation (EU) 2021/1848) to be the €STER rate (the successor to EONIA recommended by the Eurozone Rate Working Group) plus the margin of 8.5 basis points calculated by the European Central Bank. Following the end of the publication of CHF LIBOR (1 January 2022) and EONIA (3 January 2022), these replacement rates will be applied to all contracts and financial instruments for which a transition to alternative benchmark rates or the incorporation of a robust *fall-back* clause (contractual provision providing for the terms of replacing the index initially agreed between the parties) has not been implemented.

With regard to EURIBOR, the implementation of a new calculation methodology, recognised by the Belgian regulator in accordance with the requirements of the Benchmark Regulation, aimed at moving to a so-called "Hybrid" EURIBOR, was finalised in November 2019. At this stage, there is moderate uncertainty about the sustainability of EURIBOR, arising from the limited number of banks contributing to the determination of the index and from the ability to maintain the hybrid method on all tenors.

Since the first half of 2018, BRED Group has relied on Groupe BPCE, which has set up a project structure responsible for anticipating the impacts associated with the reform of reference rates, from a legal, commercial, financial, risk, system and accounting standpoint. In 2019, the work focused on the reform of EURIBOR and the transition from EONIA to €STR and the strengthening of contractual clauses on the termination of indices. In 2020, a more operational phase began around the transition and the reduction of exposure to benchmark rates that are likely to disappear. It includes the use of new indices, stock remediation and more active communication with the bank's clients.

The contracts covered by the elimination of the EUR, CHF, JPY and GBP LIBORs were remedied with alternative rates in 2021. The operational switchover of these contracts was carried out in early 2022 in accordance with the ISDA *fall-back* protocol to which BRED and its counterparties adhered.

Information on outstanding financial assets excluding derivatives, non-derivative financial liabilities and derivatives to be transitioned is presented in Chapter 6 "Risk Management - Interest Rate and Liquidity Risk".

NOTE 6 - COMMITMENTS

Accounting policies

Commitments are characterised by the existence of a contractual obligation and are irrevocable.

Commitments in this item should not qualify as financial instruments within the scope of IFRS 9 for classification and measurement. On the other hand, the financing and guarantee commitments given are subject to the IFRS 9 provisioning rules as presented in note 7.

The effects of these commitments rights and obligations are subject to fulfilment of conditions or subsequent transactions. These commitments are broken down into:

- Financing commitments (confirmed credit facility or refinancing agreement);
- Guarantee commitment (commitments by signature or assets received as collateral).

The amounts communicated correspond to the nominal value of the commitments given.

6.1 - Financing commitments

in thousands of euros	**12/31/2021**	**12/31/2020**
Financing commitments given:		
credit institutions	421,339	168,425
from customers	**5,240,475**	**4,249,747**
- Confirmed credit facilities	*4,697,948*	*3,913,045*
- Other commitments	*542,528*	*336,702*
TOTAL FINANCING COMMITMENTS GIVEN	**5,661,814**	**4,418,172**
Financing commitments received:	0	
from credit institutions	3,758,962	1,878,200
from customers	1,880,459	1,004,319
TOTAL FINANCING COMMITMENTS RECEIVED	**5,639,421**	**2,882,519**

6.2 - Guarantee commitments

in thousands of euros	**12/31/2021**	**12/31/2020**
Guarantee commitments given:		
to credit institutions	1,126,136	694,617
to customers	2,041,939	2,812,183
TOTAL GUARANTEE COMMITMENTS GIVEN	**3,168,075**	**3,506,800**
Guarantee commitments received:	0	
from credit institutions	6,545,033	6,209,642
from customers	2,779,610	2,971,507
TOTAL GUARANTEE COMMITMENTS RECEIVED	**9,324,643**	**9,181,149**

Guarantee commitments include off-balance sheet commitments as well as assets received such as security interests other than those linked to financial assets received as collateral and that can be sold or re-pledged.

NOTE 7 - EXPOSURE TO RISKS

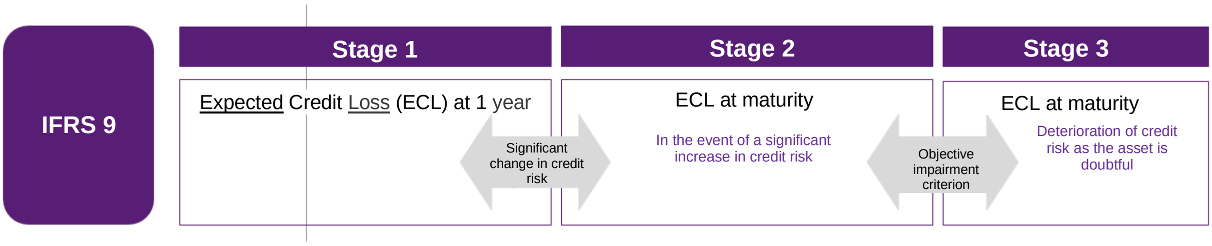
The following risk exposures are represented by credit risk, market risk, global interest rate risk, foreign exchange risk and liquidity risk.

Information relating to the management of capital and the regulatory ratios is presented in the "Risk management" section.

7.1 - Credit risk

Overview

Credit risk is the risk that a party to a financial instrument will default on one of its obligations and thereby cause the other party to incur a financial loss.



Certain disclosures relating to risk management required by IFRS 7 are also provided in the risk management report. These include:

- Breakdown of gross exposure by category and approach with distinction between credit and counterparty risk;
- Breakdown of gross exposure by geographic region;
- Concentration of credit risk by borrower;
- Breakdown of exposure by credit rating.

This information forms an integral part of the consolidated financial statements certified by the Statutory Auditors.

7.1.1 - Cost of credit risk

Accounting policies

The cost of risk relates to debt instruments classified as financial assets at amortised cost or financial assets at fair value by equity that can be recycled as well as to financing commitments and financial guarantee contracts not recognised in the financial statements at fair value through profit or loss. It also concerns claims arising from leases, trade receivables and contract assets.

This item therefore covers the net cost of impairment and provisions recorded in respect of credit risk.

This heading also includes credit losses relating to other types of instruments (derivatives or securities recognised at fair value through profit or loss by option) recorded as a result of default by credit institution counterparties.

Bad debts not covered by impairments are receivables that have acquired the status of definitive loss before being subject to provisioning in Stage 3.

Cost of credit risk for the period

in thousands of euros	2021 financial year	2020 financial year
Net charges to provisions and provisions for impairment	-116,287	-127,257
Recoveries of bad debts written off	1,682	-21,741
Irrecoverable loans not covered by provisions for impairment (1)	-9,539	-12,561
TOTAL COST OF CREDIT RISK	**-124,144**	**-161,559**

(1) The change in "Irrecoverable loans" includes an increase of €3,8 million in 2021 due to the reclassification of recovery costs on doubtful loans (S3) *from* "Operating expenses" to "Cost of credit risk" in the case of marginal costs directly attributable to the recovery of contractual cash flows. The amount was €3.4 million at 31 December 2020.

Cost of credit risk for the period by asset type

in thousands of euros	2021 financial year	2020 financial year
Interbank transactions	-2,614	-1,937
Customer transactions	-115,499	-136,816
Other financial assets	-6,031	-22,806
TOTAL COST OF CREDIT RISK	**-124,144**	**-161,559**

7.1.2 - Change in gross carrying amounts and expected credit losses on financial assets and commitments

Accounting policies

Expected credit losses are represented by impairment losses on assets at amortised cost and fair value through equity that can be recycled, and provisions on financing and guarantee commitments.

From the date of first recognition, the financial instruments concerned (see 7.1.1) are subject to an impairment or an allowance for Expected Credit Losses (ECL).

Where financial instruments have not objectively been shown to be individually impaired, the expected impairments or provisions for credit losses are evaluated on the basis of reasonable and justifiable loss history and forecasts of discounted future cash flows.

Financial instruments are divided into three categories (stages) according to the deterioration in credit risk observed since their first recognition. Each category of loans has a specific credit risk assessment method:

Stage 1 (S1)

- These are healthy loans for which there is no significant increase in credit risk since the first recognition of the financial instrument;
- Impairment or provision for credit risk corresponds to expected credit losses at one year;
- Interest income is recorded in profit or loss using the effective interest rate method applied to the gross carrying amount of the Instrument before impairment.

Stage 2 (S2)

- Healthy loans for which a significant increase in credit risk has been recorded since the first recognition of the financial instrument, are transferred to this category;
- The impairment or provision for credit risk is determined based on credit loss events expected over the remaining term of the financial instrument (credit losses expected on maturity);
- Interest income is recorded in profit or loss, as for Stage 1 loans, using the effective interest rate method applied to the gross carrying amount of the Instrument before impairment.

Stage 3 (S3)

- These are loans for which there is an objective indication of an impairment loss due to an event that characterises a proven credit risk occurring after the first recognition of the instrument in question. This category covers, as under IAS 39, receivables for which a default event has been identified as defined in Article 178 of Regulation (EU) no. 575/2013 of 26 June 2013 on prudential requirements applicable to credit institutions, default situations which are now identified for outstandings with significant past due amounts (introduction of a relative threshold and an absolute threshold to be applied to past due payments) and the now-clarified criteria for loans returning to being healthy with the imposition of a probationary period and the introduction of explicit criteria for classifying restructured loans as being in default;
- The impairment or provision for credit risk is calculated for the expected credit losses over the remaining life of the financial instrument (expected credit losses at maturity) on the basis of the recoverable amount of the receivable, i.e. the present value of estimated recoverable future cash flows;
- Interest income is therefore recorded in profit or loss using the effective interest rate method applied to the carrying amount of the Instrument before impairment;
- Financial assets acquired or created and impaired for credit risk as soon as they are initially recognised, as the entity does not expect to recover all of the contractual cash flows (purchased or originated credit impaired or POCI) also fall under Stage 3. These assets may be transferred to Stage 2 in the event of an improvement in credit risk.

For receivables resulting from operating leases or financial leases – which fall under IFRS 16, the Group decided not to retain the option of applying the simplified method proposed by IFRS 9 point 5.5.15.

Methodology for assessing the deterioration in credit risk and expected credit losses

The principles for assessing deterioration in credit risk and expected credit losses for the vast majority of group exposures are described below. Only a few portfolios of group institutions – corresponding to a limited volume of exposures – may not be treated according to the methods described below and are subject to ad hoc valuation techniques.

→ ***Significant increase in credit risk***

The significant increase in credit risk is valued on an individual basis, for each instrument, by taking into account all reasonable and justifiable information and by comparing the default risk on the financial instrument at the end of the financial year with the default risk on the financial instrument at the date of its initial recognition. A counterparty approach (with the application of the contagion principle to all existing outstanding balances on the consideration under consideration) is possible, particularly in view of the qualitative watchlist criteria.

In accordance with IFRS 9, a counterparty's loan that has been subject to a significant decrease in credit risk (Stage 2) that has just been originated will be classified as Stage 1.

The assessment of the deterioration is based on the comparison of default probabilities or ratings, at the financial instruments' initial recognition date, with those existing at the closing date. The same principles as those determining entry into Stage 2 are applied to significant decreases in credit risk.

In addition, according to the standard, a rebuttable presumption exists of a significant increase in the credit risk associated with a financial asset since initial recognition when contractual payments are delayed by more than 30 days.

Forbearance measures granted to support companies experiencing widespread cash flow difficulties, as well as the granting of government-backed loans (PGEs), do not on their own lead to considering the existence of financial difficulties that call into question the counterparty's ability to honour its contractual agreements at maturity. As a result, the principles mentioned are fully applicable depending on the specific situation of the counterparty.

In the majority of cases, assessment of the deterioration in risk allows recognition of an downgrading to Stage 2 before the transaction is impaired individually (Stage 3).

The assessment of the significant increase in credit risk is carried out for each instrument founded on indicators and thresholds that vary according to the nature of the exposure and the type of counterparty.

More specifically, the change in credit risk is assessed based on the following criteria:

- **On the portfolios of Individual Customers, Professional Customers, Small and Medium-Sized Enterprises, Public Sector and Social Housing:** credit risk deterioration is measured based on a combination of quantitative and qualitative criteria. The quantitative criterion is based on measurement of the change in the probability of default at one year (based on a cycle average) since initial recognition. The additional qualitative criteria make it possible to classify all the contracts presenting payments overdue by more than 30 days in Stage 2 (except if the presumption of payments overdue by 30 days is refuted) as at-risk, requiring remodelling, or as facing financial difficulties if the criteria for downgrading them to Stage 3 are not met.

A significant downgrading of the credit risk is calculated on the basis of the following conditions:

$$\boldsymbol{PD}^{\boldsymbol{12\ months}}_{\boldsymbol{t_{calculation}}} > \Delta + \boldsymbol{\mu} \times \boldsymbol{PD}^{\boldsymbol{12\ months}}_{\boldsymbol{t_{granting}}}$$

The multiplicative criteria (μ) and additive criteria (Δ) for the different portfolios are detailed below (moved to S2 if $PD_{to\ date} > \mu \times PD_{granting} + \Delta$):

Portfolio	Mu	Delta
Banque Populaire Network Retail	1	4.2%
Banque Populaire Network Professional	1	7.0%
SMEs	2	0.5%
Public sector	2	0.5%
Social Housing	2	0.5%

- **On the portfolios of Large Companies, Banks and Sovereigns:** the quantitative criterion is based on the level of variation of the rating since first recognition. The same qualitative criteria for Individuals, Professionals and SMEs apply and one should add to these the contracts entered on the watchlist, as well as additional criteria depending on changes in the sector rating and the country risk level.

The thresholds for downgrades for Large Companies and Banks are as follows:

Original rating	Significant downgrading
1 to 7 (AAA to A-)	3 levels
8 to 10 (BBB+ to BBB-)	2 levels
11 to 21 (BB+ to C)	1 level

For Sovereigns, the thresholds for downgrading on the 8-point rating scale are as follows:

Original rating	Significant downgrading
1	6 levels
2	5 levels
3	4 levels
4	3 levels
5	2 levels
6	1 level
7	S2 directly (except for newly originated contracts)
8	S2 directly (except for newly originated contracts)

- **On Specialised Financing:** the criteria applied vary according to the characteristics of the exposures and the related rating system. Exposures rated by the tool dedicated to large exposures are treated in the same way as Large Companies; other exposures are treated in the same way as Small and Medium Enterprises.

For all of these portfolios, the ratings on which the measure of risk is based correspond to ratings from internal systems where these are available, as well as to external ratings, particularly in the absence of an internal rating.

In accordance with IFRS 9, the taking into account of guarantees and collateral does not affect the assessment of the significant increase of credit risk: this is based on changes in credit risk on the debtor without taking guarantees into account.

In order to assess the significant increase in credit risk, the Group provides for a process based on two levels of analysis:

- A first level dependent on rules and criteria defined by the Group which apply to the Group's institutions (known as the "central model");
- A second level linked to the assessment, based on a local, forward-looking expert opinion of the risk borne by each institution on its portfolios, which may lead to the adjustment of the criteria defined by the group for declassification to Stage 2 (portfolio or sub-portfolio transition to ECL at maturity).

→ ***Measurement of expected credit losses***

Expected credit losses are defined as an estimate of credit losses (i.e. the present value of cash shortfalls) weighted by the likelihood of such losses occurring over the expected life of financial instruments. They are calculated individually for each exposure.

In practice, for financial instruments categorised as Stage 1 or 2, the expected credit losses are calculated as the product of several parameters:

- Expected flows over the life of the financial instrument, discounted at valuation date – these flows being determined according to the characteristics of the contract, its effective interest rate and, for real estate loans, and the level of anticipated repayment expected on the contract;
- Loss given default (LGD);
- Probabilities of default (PD), over the coming year in the case of financial instruments in stage 1, until the maturity of the contract in the case of financial instruments in Stage 2.

The methodology developed relies on existing concepts and systems, particularly on internal models developed to calculate regulatory capital requirements (Basel system) and on projection models initially used for stress tests. Specific adjustments are made to comply with the specific requirements of IFRS 9:

- The IFRS 9 parameters are intended to fairly estimate expected credit losses for accounting provision purposes, whereas prudential parameters are more cautious for regulatory framework purposes. Several of these safety buffers applied to the prudential parameters are therefore restated;

- The IFRS 9 parameters must make it possible to estimate the expected credit losses until the contract's maturity, whereas prudential parameters are defined to estimate 12-month losses. The 12-month parameters are therefore projected over long timescales;
- IFRS 9 parameters must be forward-looking and take into account the expected economic environment over the projection timescale, whereas prudential parameters correspond to the cycle's average estimates (for PD) or bottom-of-the-cycle estimates (for LGD and the expected flows over the life of the financial instrument). Prudential parameters of PD and LGD are therefore also adjusted based on this expected economic environment.

The methods for measuring expected credit losses include collateral and other credit enhancements that form part of the contractual terms and conditions and which the entity does not recognise separately. The estimate of expected cash flow shortfalls of a guaranteed financial instrument reflects the amount and timing of collateral recovery.

The mechanism for validating IFRS 9 models is fully integrated in the validation mechanism already in force within the Group. The validation of models involves a review by the independent internal validation unit, the review of this work by the Group model committee and monitoring of recommendations issued by the validation unit.

Forward-looking macroeconomic data are taken into account in a methodological framework applicable at two levels:

- At Group level, in the determination of a shared framework for taking *forward-looking* data into account when projecting PD and LGD parameters over the amortisation period of transactions within the central model;
- At the level of each entity, with regard to their own portfolios.

→ ***Consideration of forward-looking information***

BRED Group relies on Groupe BPCE's work to take forward-looking information into account.

The amount of expected credit losses is calculated on the basis of an average of ECLs using scenarios weighted according to their likelihood of occurrence, taking into account past events, current circumstances and reasonable and justifiable forecasts of the economic situation.

Groupe BPCE takes forward-looking information into account both in estimating the significant increase in credit risk and in measuring expected credit losses. To do this, Groupe BPCE uses the projections of macroeconomic variables retained in its budgeting process, considered to be the most likely, scoped to projections of optimistic and pessimistic macroeconomic variables in order to define likely alternative trajectories. These macroeconomic variable projections are referred to as scenarios in the rest of this note.

With regard to determining the significant increase in credit risk, the rules based on the comparison of risk parameters between the initial recognition date and the reporting date are supplemented by consideration of forward-looking information such as sectoral or geographical macroeconomic, sectoral and geographic parameters.

With regard to the measurement of expected credit losses, the Group has chosen to use three macroeconomic scenarios, which are detailed in the paragraph below.

→ ***Methodology for calculating expected losses in the framework of the BPCE methodology***

The parameters used to measure expected credit losses are adjusted to economic conditions by defining three economic scenarios defined over a three-year horizon:

- The central scenario was updated based on scenarios determined by the Group's economists in June 2021 and approved by the General Management Committee;
- A pessimistic scenario, corresponding to worse performance of the macroeconomic variables defined under the central scenario;
- An optimistic scenario, corresponding to better performance of the macroeconomic variables defined under the central scenario.

The definition and review of these scenarios follows the same organisation and governance as that defined for the budget process, with quarterly reviews of their relevance since the Covid-19 crisis that may lead to revised macroeconomic projections in the event of a major deviation in the observed situation based on economic research proposals and validation by the General Management Committee. The probabilities of occurrence of scenarios are reviewed quarterly by the Group's Watchlist and Provisions Committee. The parameters thus defined allow expected credit losses for all exposures to be valued, regardless of whether they belong to a scope approved using an internal method or they are processed using the standard method for calculating risk-weighted assets.

The four-year projections (including the 12-month lag) of the main macroeconomic variables for each of the bounds are presented below:

	Baseline				Optimistic				Pessimistic		
	GDP	*Unemp.*	*10-YR rate*		*GDP*	*Unemp.*	*10-YR rate*		*GDP*	*Unemp.*	*10-YR rate*
2021	5.5%	8.9%	0.34%	**2021**	7.0%	8.0%	1.23%	**2021**	3.0%	9.8%	-0.41%
2022	4.0%	9.3%	0.53%	**2022**	5.5%	8.4%	1.27%	**2022**	1.0%	10.2%	-0.37%
2023	2.0%	9.0%	0.70%	**2023**	3.5%	8.1%	1.43%	**2023**	0.5%	9.9%	-0.21%
2024	1.6%	8.7%	0.88%	**2024**	3.1%	7.8%	1.61%	**2024**	0.1%	9.6%	-0.03%

The variables defined in each of these scenarios allow deformation of the PD and LGD parameters and the calculation of an expected credit loss for each of the economic scenarios. The projection of parameters over horizons greater than three years is based on the principle of a gradual return to their long-term average. These economic scenarios are associated with probabilities of occurrence, ultimately allowing the calculation of a probable average loss used as the IFRS 9 expected credit loss.

In addition, the BPCE methodology adapts this approach, taking into account the specific characteristics of certain scopes. Each scenario is weighted according to its proximity to the market Consensus Forecast on the main economic variables of each scope or significant market.

The projections are broken down, mainly on the French market, through key macroeconomic variables such as GDP, unemployment rates and French interest rates on French sovereign debt.

For retail banking, the economic scenarios have been adapted to take into account the uncertainties linked to the macroeconomic projections and economic support measures (PGEs, short-time working, tax measures).

These adaptations resulted in:

- Mitigating the suddenness of the crisis in 2020 and the automatic rebound begun in 2021 with a 60% moderation of the shock to GDP caused by the crisis. For example, for the central scenario, the GDP value used is a weighted average of the initial value of the scenario (2020 GDP -9%, weighted at 40%) and long-term growth in France (+1.4%, weighted at 60%). This adaptation is consistent with the ECB's press releases on taking account of the Covid-19 crisis under IFRS 9 and with the EBA guidelines on forbearance;
- And spreading the effects of the crisis over a longer period delaying the scenario by 12 months, which means that the deterioration of GDP and other variables will affect the probability of default 12 months later.

These post-model adjustments reflect the positive impact of the various government support measures on the economic fabric, including reducing the occurrence of defaults and delaying them.

In the context of the health crisis and the difficulty in assessing the counterparty's risk situation accurately, post-model adjustments were made, resulting in the recognition of ECLs in the amount of €3.914 million on the credit portfolios of professionals and small businesses, rated automatically, and for which the drivers of the improved ratings as a result of government support measures (positive impact of moratoriums and government-backed loans on the cash position of these counterparties) was neutralised.

→ ***Scenario weighting at 31 December 2021***

Expected credit losses are calculated by assigning a weighting coefficient to each scenario based on the proximity of the consensus forecast with each of the central, pessimistic and optimistic scenarios on GDP growth, unemployment and 10-year interest rates on French sovereign debt.

In the fourth quarter of 2021, there was a slight deterioration in the 2022 French GDP forecast, as well as an improvement in the unemployment rate forecasts in France; while the 10-year OAT rate forecasts remained stable. At the same time, the emergence of the Omicron variant, which triggered a new, particularly virulent Covid-19 wave, led the government to implement new restrictive measures. As such, a post-model adjustment was used, resulting in an overweighting of the pessimistic scenario at 85% (instead of 20% before adjustment) and an underweighting of the central scenario at 10% (65% before adjustment) and optimistic scenario at 5% (instead of 15% before adjustment).

Thus, the weightings used, after adjustment, are as follows:

- Central scenario: 10% at 31 December 2021 compared to 60% at 31 December 2020;
- Pessimistic scenario: 85% at 31 December 2021 compared to 35% at 31 December 2020;
- Optimistic scenario: 5%, unchanged from 31 December 2020.

→ ***Expected credit losses recorded in addition to the BPCE methodology***

Furthermore, additional provisions of €14.5 million were booked in 2021 to cover, in particular, the risks of a significant deterioration in credit risk in the Caribbean given the low vaccination rates in the region and the social events that occurred in the fourth quarter of 2021.
Finally, the additional provisions booked in 2020 for the tourism, hotel, catering, specialty retail and aeronautics sectors were adjusted to current outstandings. Provisioning methodologies were validated again at the end of 2021.

Against this backdrop, the Group has significantly strengthened and developed its monitoring of the affected sectors. The sector-based monitoring approach makes it possible for Groupe BPCE's Risk Division to classify economic sectors and sub-sectors centrally and to update this classification regularly.

Since the beginning of the year, the Group has begun harmonising the methodology for calculating sectoral provisions with the deployment and use of a dedicated tool in application of the methodology adopted by the Group. This new tool allows the contract ratings to be downgraded according to the business sector for the loan portfolios of Professionals and Corporates. A corresponding governance has been established centrally and at the level of the Group's institutions.

Terms of valuation of outstanding amounts falling under Stage 3

Financial assets for which there is objective evidence of loss related to an event that characterises a proven counterparty risk and which occurs after their initial recognition are considered to fall under Stage 3. The criteria for identifying assets are aligned with the definition of default as defined in Article 178 of Regulation (EU) no. 575/2013 of 26 June 2013 on prudential requirements applicable to credit institutions in line with the EBA guidelines (EBA/GL/2016/07) on the application of the definition of default and Delegated Regulation 2018/1845 of the European Central Bank on the threshold for assessing the materiality of credit obligations past due.

Loans and receivables are considered impaired and fall under Stage 3 if both of the following conditions are met:

- There is objective evidence of impairment on an individual or portfolio basis, in the form of "trigger events" or "loss events" that characterise counterparty risk occurring after first recognition of the loans in question. In particular, the following are objective evidence of impairment:

    - The occurrence of a payment past due for at least three consecutive months, the amount of which is higher than the absolute threshold (€100 for retail exposure, otherwise €500) and relative threshold of 1% of the counterparty's exposures,
    - Or the restructuring of loans in the event of meeting certain criteria or, regardless of any payments past due, the observation that the counterparty is experiencing financial difficulties leading to the conclusion that all or

part of the amounts due will not be recovered. Note that restructured loans are classified as Stage 3 when the loss is greater than 1% of the difference between the net present value before restructuring and the net present value after restructuring;

- These events are likely to result in incurred credit losses, i.e. expected credit losses for which the probability of occurrence has become certain.

Classification as Stage 3 is maintained for a probationary period of three months after the elimination of all the default indicators mentioned above. The Stage 3 probationary period is extended to one year for restructured contracts that were transferred to Stage 3.

Debt securities such as bonds and securitised transactions (asset backed securities, commercial mortgage-backed securities, residential mortgage-backed securities, cash collateralised debt obligations) are considered to be impaired and fall under Stage 3 when there is a known counterparty risk.

The impairment indicators used for debt securities in Stage 3 are the same as those used for individually assessing the impairment risk on loans and receivables, irrespective of the portfolio into which the debt securities are ultimately classified. For undated deeply subordinated notes corresponding to the definition of debt instruments within the meaning of standard IAS 32, particular attention is also paid if, under certain conditions, the issuer may not pay the coupon or may extend the issue beyond the scheduled redemption date.

The impairment for expected credit losses on financial assets in Stage 3 is determined as the difference between the amortised cost and the recoverable amount of the receivable, i.e. the discounted value of estimated recoverable future cash flows, whether these cash flows are derived from the activity of the counterparty or from the potential activation of guarantees. For short-term assets (maturity of less than one year), future cash flows are not discounted. Impairment is determined globally, without distinguishing between interest and principal. Probable credit loss events from off-balance sheet commitments in Stage 3 are taken into account through provisions recognised on the liability side of the balance sheet. Impairment is calculated for each receivable on the basis of repayment schedules, determined by reference to collection experience for each category of receivable.

For the purposes of the assessment of expected credit losses, estimation of expected credit losses takes into account expected cash flow shortfall, collateral and other credit enhancements that form an integral part of the instrument's contractual terms and conditions and that the entity does not recognise separately.

Impairment losses on assets at amortised cost and fair value through equity, and provisions on financing and guarantee commitments

For debt instruments recognised on the balance sheet in the category of financial assets at amortised cost, the impairments recorded correct the original item of the asset presented in the balance sheet for its net value (regardless of the asset's stage: S1, S2, S3 or POCI). Impairment charges and reversals are recognised in the income statement under "Cost of credit risk".

For debt instruments recognised on the balance sheet in the category of financial assets at fair value through equity, impairment losses are recognised as equity liabilities in the balance sheet, at the level of equity that can be recycled, against the "Cost of credit risk" item in the income statement (regardless of the asset's stage: S1, S2, S3 or POCI).

For the given financing and financial guarantee commitments, provisions are recorded under "Provisions" on the liabilities side of the balance sheet (regardless of the commitment's stage: S1, S2, S3 or POCI). Charges and reversals of provisions are recognised in the income statement under "Cost of credit risk".

7.1.3 - Change in expected credit losses on financial assets and commitments

From 31 December 2020, POCI are broken down and presented as S2 POCI and S3 POCI.

7.1.3.1 - Change in credit losses on financial assets in equity

In thousands of euros	Stage 1		Stage 2		Stage 3		Assets impaired at origination or acquisition (S2 POCI)		Assets impaired at origination or acquisition (S3 POCI)		TOTAL	
	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
Balance at 31/12/2020	**13,018,675**	**-2,069**	**3,001**	**-305**	**20,383**	**-20,383**	**0**	**0**	**23,980**	**-20,383**	**13,066,040**	**-43,140**
Production and acquisition	5,724,764	-776	0	0	///	///	0	0	0	0	5,724,764	-776
Derecognition (debt repayment, assignment and write-off)	-6,290,158	75	0	0	0	0	0	0	0	0	-6,290,158	75
Impairment (written off)	0	0	0	0	-324	324	0	0	-20,383	20,383	-20,707	20,707
Transfers of financial assets	-5,974	6	6,224	-256	0	0	0	0	0	0	250	-250
Transfers to S1	0	0	0	0	0	0	///	///	///	///	0	0
Transfers to S2	-5,974	6	6,224	-256	0	0	0	0	0	0	250	-250
Transfers to S3	0	0	0	0	0	0	0	0	0	0	0	0
Other movements	-29,382	74	-996	132	-20,059	20,059	0	0	-1,096	0	-51,533	20,265
Balance at 31/12/2021	**12,417,925**	**-2,690**	**8,229**	**-429**	**0**	**0**	**0**	**0**	**2,501**	**0**	**12,428,656**	**-3,119**

(1) Of which amortisation of receivables, change in credit risk parameters, exchange rate fluctuations and changes related to changes in scope.

7.1.3.2 - Change in credit losses on debt securities at amortised cost

In thousands of euros	Stage 1		Stage 2		Stage 3		Assets impaired at origination or acquisition (S2 POCI)		Assets impaired at origination or acquisition (S3 POCI)		TOTAL	
	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
Balance at 31/12/2020	**2,638,867**	**-25**	**0**	**0**	**3,108**	**-700**	**0**	**0**	**5,417**	**0**	**2,647,392**	**-725**
Production and acquisition	987,079	-9,491	0	0	///	///	0	0	0	0	987,079	-9,491
Derecognition (debt repayment, assignment and write-off)	-1,041,831	592	0	0	-724	0	0	0	0	0	-1,042,555	592
Impairment (written off)	0	0	0	0	0	0	0	0	0	0	0	0
Transfers of financial assets	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to S1	0	0	0	0	0	0	///	///	///	///	0	0
Transfers to S2	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to S3	0	0	0	0	0	0	0	0	0	0	0	0
Other movements	-367,923	8,855	0	0	1	0	0	0	-5	-3,480	-367,927	5,375
Balance at 31/12/2021	**2,216,192**	**-69**	**0**	**0**	**2,385**	**-700**	**0**	**0**	**5,412**	**-3,480**	**2,223,989**	**-4,249**

7.1.3.3 - Change in credit losses on Loans and advances granted to credit institutions at amortised cost

Loans and advances granted to credit institutions classified as Stage 1 include funds centralised with Caisse des Dépôts et Consignations, i.e. €1,465.1 million at 31 December 2021, versus €1,367.4 million at 31 December 2020.

In thousands of euros	Stage 1		Stage 2		Stage 3		Assets impaired at origination or acquisition (S2 POCI)		Assets impaired at origination or acquisition (S3 POCI)		TOTAL	
	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
Balance at 31/12/2020	**11,430,157**	**-1,471**	**42,171**	**-860**	**4,410**	**-4,410**	**0**	**0**	**0**	**0**	**11,476,738**	**-6,741**
Production and acquisition	5,766,903	-714	0	0	///	///	0	0	0	0	5,766,903	-714
Derecognition (debt repayment, assignment and write-off)	-3,953,074	490	-4,605	4	0	0	0	0	0	0	-3,957,679	494
Impairment (written off)	///	///	///	///	-76	0	0	0	0	0	-76	0
Transfers of financial assets	13,398	-149	-13,430	-110	32	0	0	0	0	0	0	-259
Transfers to S1	15,116	-255	-15,116	45	0	0	///	///	///	///	0	-210
Transfers to S2	-1,686	106	1,686	-155	0	0	0	0	0	0	0	-49
Transfers to S3	-32	0	0	0	32	0	0	0	0	0	0	0
Other movements	-638,431	-2,508	-14,338	728	410	-366	0	0	0	0	-652,359	-2,146
Balance at 31/12/2021	**12,618,953**	**-4,352**	**9,798**	**-238**	**4,776**	**-4,776**	**0**	**0**	**0**	**0**	**12,633,527**	**-9,366**

7.1.3.4 - Change in impairment charges for credit losses on loans and advances granted to customers at amortised cost

Financial instruments are divided into three categories (stages) according to the deterioration in credit risk observed since their first recognition. This deterioration is measured on the basis of the rating at the reporting date.

In thousands of euros	Stage 1		Stage 2		Stage 3		Assets impaired at origination or acquisition (S2 POCI)		Assets impaired at origination or acquisition (S3 POCI)		TOTAL	
	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
Balance at 31/12/2020	**27,695,667**	**-106,623**	**2,351,324**	**-142,503**	**1,272,222**	**-707,338**	**0**	**0**	**8,264**	**-50**	**31,327,477**	**-956,513**
Production and acquisition	7,468,790	-38,411	43,329	-5,898	///	///	0	0	12,888	0	7,525,007	-44,309
Derecognition (debt repayment, assignment and write-off)	-3,657,320	3,430	-255,220	6,602	-166,831	30,780	-1	0	-7,699	0	-4,087,071	40,812
Impairment (written off)	///	///	///	///	-69,962	38,065	0	0	0	0	-69,962	38,065
Transfers of financial assets	-1,733,279	76,379	1,490,464	-82,776	243,517	-33,976	0	0	0	0	702	-40,373
Transfers to S1	560,340	-3,390	-526,632	8,517	-33,386	953	///	///	///	///	322	6,080
Transfers to S2	-2,088,984	69,293	2,160,771	-99,129	-71,364	5,223	0	0	0	0	423	-24,613
Transfers to S3	-204,635	10,476	-143,675	7,836	348,267	-40,152	0	0	0	0	-43	-21,840
Other movements	756,926	-31,613	-146,228	42,468	115,080	-52,439	2	0	5,257	-1,937	731,037	-43,521
Balance at 31/12/2021	**30,530,784**	**-96,838**	**3,483,669**	**-182,107**	**1,394,026**	**-724,908**	**1**	**0**	**18,710**	**-1,987**	**35,427,190**	**-1,005,839**

7.1.3.5 - Change in credit losses on financing commitments given

In thousands of euros	Stage 1		Stage 2		Stage 3		Assets impaired at origination or acquisition (S2 POCI)		Assets impaired at origination or acquisition (S3 POCI)		TOTAL	
	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
Balance at 31/12/2020	**4,300,174**	**-9,885**	**89,383**	**-3,721**	**28,615**	**-19,423**	**0**	**0**	**0**	**0**	**4,418,172**	**-33,029**
Production and acquisition	3,498,540	-8,298	3,203	-185	///	///	0	0	0	0	3,501,743	-8,483
Derecognition (debt repayment, assignment and write-off)	-2,186,795	574	-34,573	30	-24,215	0	0	0	0	0	- 2,245,583	604
Impairment (written off)	0	0	0	0	0	0	0	0	0	0	0	0
Transfers of financial assets	-98,628	1,698	93,084	-2,826	5,422	31	0	0	0	0	-122	-1,097
Transfers to S1	12,253	-54	-11,519	289	-734	11	///	///	///	///	0	246
Transfers to S2	-104,722	1,752	105,671	-3,115	-1,070	20	0	0	0	0	-121	-1,343
Transfers to S3	-6,159	0	-1,068	0	7,226	0	0	0	0	0	-1	0
Other movements	-49,543	4,614	26,896	1,249	10,252	4,203	0	0	0	0	-12,395	10,066
Balance at 31/12/2021	**5,463,748**	**-11,297**	**177,993**	**-5,453**	**20,074**	**-15,189**	**0**	**0**	**0**	**0**	**5,661,815**	**-31,939**

7.1.3.6 - Change in credit losses on guarantee commitments given

In thousands of euros	Stage 1		Stage 2		Stage 3		Assets impaired at origination or acquisition (S2 POCI)		Assets impaired at origination or acquisition (S3 POCI)		TOTAL	
	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses	Gross carrying amount	Impairment for expected credit losses
Balance at 31/12/2020	**2,335,467**	**-9,046**	**119,083**	**-3,792**	**47,386**	**-13,355**	**0**	**0**	**0**	**0**	**2,501,936**	**-26,193**
Production and acquisition	704,352	-4,297	20	-4	///	///	0	0	976	0	705,348	-4,301
Derecognition (debt repayment, assignment and write-off)	-464,772	33	-20,464	0	-10,989	0	0	0	0	0	-496,225	33
Impairment (written off)	///	///	///	///	0	0	0	0	0	0	0	0
Transfers of financial assets	-72,105	1,945	70,980	-1,750	1,140	-312	0	0	0	0	15	-117
Transfers to S1	41,447	-59	-39,114	179	-2,356	0	///	///	///	///	-23	120
Transfers to S2	-107,396	1,561	112,403	-1,929	-5,007	131	0	0	0	0	0	-237
Transfers to S3	-6,156	443	-2,309	0	8,503	-443	0	0	0	0	38	0
Other movements	-423,265	-65	70,303	3,786	3,987	-1,491	0	0	5,976	-3,298	-342,999	-1,068
Balance at 31/12/2021	**2,079,677**	**-11,430**	**239,922**	**-1,760**	**41,524**	**-15,158**	**0**	**0**	**6,952**	**-3,298**	**2,368,075**	**-31,646**

7.1.4 - Credit risk measurement and management

Credit risk arises when a counterparty is unable to meet its payment obligations, and may be reflected in a deterioration in credit quality and even default by the counterparty.

Commitments exposed to credit risk comprise existing or potential receivables, and particularly loans, debt instruments, equity instruments, performance swaps, performance bonds, and confirmed or undrawn facilities.

Information on credit risk management procedures and measurement methods, risk concentration, the quality of performing financial assets and the analysis and breakdown of outstanding loans is provided in the risk management report.

7.1.5 - Guarantees received on instruments impaired under IFRS 9

The table below summarises the credit and counterparty risk exposure of all BRED Group’s financial assets. This credit and counterparty risk exposure corresponds to the net carrying amount of these assets without taking into account the impact of any unrecognised netting or collateral.

In thousands of euros	Maximum risk exposure (2)	Impairment	Maximum exposure net of impairment (3)	Guarantees
Debt securities at amortised cost	7,797	-4,180	3,617	0
Loans and receivables due from credit institutions at amortised cost	4,776	-4,776	0	0
Loans and receivables due from customers at amortised cost	1,412,736	-726,895	685,841	604,805
Debt instruments - Fair value through equity recyclable	2,501	0	2,501	0
Loans and advances to credit institutions - FVOCI R	0	0	0	0
Loans and receivables due from customers - FVOCI R	0	0	0	0
Financing commitments	20,074	-15,189	4,885	0
Guarantee commitments	48,476	-18,456	30,020	0
TOTAL IMPAIRED FINANCIAL INSTRUMENTS (S3) (1)	**1,496,360**	**-769,496**	**726,864**	**604,805**

(1) Assets impaired after their origination or acquisition (Stage 3) or at origination/acquisition (POCI).
(2) Gross carrying amount.
(3) Carrying amount on the balance sheet.

7.1.6 - Guarantees received on instruments not subject to the IFRS 9 impairment rules

In thousands of euros	Maximum risk exposure	Guarantees
Financial assets at fair value through profit or loss		
Debt securities	5,344,974	
Loans	125,029	
Trading derivatives	1,616,914	
Total	**7,086,917**	

7.1.7 - Credit risk reduction mechanisms: assets acquired by taking possession of collateral

The following table shows the carrying amount by type of asset (securities, property etc.) acquired during the period by taking collateral or using other forms of credit enhancement.

	12/31/2021	12/31/2020
Non-current assets held for sale	0	0
Tangible assets	0	0
Investment property	0	0
Equity and debt instruments	0	0
Other	0	0
TOTAL ASSETS ACQUIRED BY TAKING POSSESSION OF COLLATERAL	**0**	**0**

7.2 - Market risk

Market risk represents the risk of a financial loss due to changes in market variables, in particular:

- Interest rates: interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in interest rates;
- Exchange rates;
- Prices: price risk is the risk of a potential loss resulting from changes in market prices, whether caused by factors specific to the instrument or its issuer or by factors affecting all instruments traded in the market. Variable-income securities, equity derivatives and commodity derivatives are exposed to this risk;
- More generally any market variable used in the valuation of portfolios.

The systems for measuring and monitoring market risks are described in the risk management report.

7.3 - Overall interest rate risk and currency risk

Interest rate risk is the risk that unfavourable changes in interest rates will adversely impact the Bank's annual results and net asset value. Currency risk is the risk that changes in exchange rates will adversely affect profitability.
The management of the overall interest rate risk and currency risk management are presented in the risk management chapter "Liquidity risk, rate risk and currency risk".

7.4 - Liquidity risk

Liquidity risk is the risk that the Bank may be unable to meet its payment or other obligations at a given moment in time.

The refinancing procedures and liquidity risk management arrangements are described in the risk management report.

Disclosures relating to liquidity risk management required by IFRS 7 are provided in the risk management chapter "Liquidity risk, rate risk and currency risk".

The table below shows the amounts by contractual maturity date.

Financial instruments marked to market in the income statement and held in the trading book, variable-income available for sale financial assets, doubtful loans, hedging derivatives and re-measurement adjustments on interest rate risk-hedged portfolios are placed in the "No fixed maturity" column. These financial instruments are:

- Either held for sale or redeemed prior to their contractual maturity;
- Or held for sale or redeemed at an indeterminable date (particularly where they have no contractual maturity);
- Or measured on the balance sheet for an amount impacted by revaluation effects.

Accrued interest not yet due is shown in the "Less than 1 month" column.

The amounts shown are the contractual amounts excluding forecast interest.

Technical provisions of insurance companies that are mostly treated as demand deposits are not included in the table below.

in thousands of euros	Less than 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	No fixed maturity	**Total at 31/12/2021**
Cash and amounts due from central banks		324,587					**324,587**
Financial assets at fair value through profit or loss	10,496,976						**10,496,976**
Financial assets at fair value in equity	1,272,821	4,506	2,343,697	7,802,444	5,627,900	2,411,362	**19,462,730**
Hedging derivatives	287,755						**287,755**
Securities at amortised cost				399,838			**399,838**
Loans and receivables due from credit institutions and assimilated at amortised cost		9,400,527	1,250,186	2,115,735	531,444	805,497	**14,103,389**
Loans and receivables due from customers at amortised cost	50,747	3,946,190	1,270,695	3,043,396	9,471,395	10,565,063	**28,347,486**
Revaluation adjustments on interest-rate risk hedged portfolio	2,118						**2,118**
FINANCIAL ASSETS BY MATURITY	**12,110,417**	**13,675,810**	**4,864,578**	**13,361,413**	**15,630,739**	**13,781,922**	**73,424,879**
Central banks							**0**
Financial liabilities at fair value through profit or loss	2,612,386						**2,612,386**
Hedging derivatives	659,109						**659,109**
Debt securities	306,523	5,754,161	1,317,181	122,443			**7,500,308**
Amounts due to credit institutions and customers	265,175	9,492,166	3,621,709	2,700,898	3,194,050	650,617	**19,924,615**
Amounts due to customers		34,993,725	1,959,798	430,435	697,570	92,274	**38,173,802**
Subordinated debt	2,368						**2,368**
Revaluation adjustments on interest-rate risk hedged portfolio	8,844						**8,844**
FINANCIAL LIABILITIES BY MATURITY	**3,854,405**	**50,240,052**	**6,898,688**	**3,253,776**	**3,891,620**	**742,891**	**68,881,432**
Financing commitments given to credit institutions			980	411,618	29,053	15,291	**456,942**
Financing commitments given to customers		25,703	133,968	621,292	2,175,478	1,650,513	**4,606,954**
TOTAL FINANCING COMMITMENTS GIVEN	**0**	**25,703**	**134,948**	**1,032,910**	**2,204,531**	**1,665,804**	**5,063,896**
Guarantee commitments given to credit institutions		1,080,830					**1,080,830**
Guarantee commitments given to customers		2,296,122					**2,296,122**
TOTAL GUARANTEE COMMITMENTS GIVEN	**0**	**3,376,952**	**0**	**0**	**0**	**0**	**3,376,952**

NOTE 8 - EMPLOYEE BENEFITS

Accounting policies

Employee benefits are classified into four categories:

- **Short-term benefits**, such as salaries, paid annual leave, bonuses and mandatory and discretionary profit-sharing payable within 12 months of the end of the period in which the employees render the related service are recognised as expenses.

- **Post-employment benefits** for retired employees are classified into two categories: defined contribution plans and defined benefit plans.

Defined contribution plans such as the French national plans are those for which BRED Group's obligation is limited solely to the payment of a contribution and does not include any employer obligation in terms of benefits. Contributions paid under these plans are recorded as expenses for the year.

Defined benefit post-employment benefits refer to plans for which BRED Group has committed to an amount or a level of benefits.

Defined benefit plans are subject to a provision determined based on an actuarial valuation of the commitment taking into account demographic and financial assumptions. When these plans are financed by external funds meeting the definition of plan assets, the provision is reduced by the fair value of those assets.

The cost of the defined benefit plans recognised as expenses for the period includes: the cost of services provided (representing the rights acquired by the beneficiaries during the period), the cost of past services (revaluation adjustment of the actuarial debt following a modification or reduction to the plan), the net financial cost (accretion effect of the net commitment of interest income generated by hedging assets) and the effect of plan liquidations.

The actuarial liability revaluation adjustment relating to changes in demographic and financial assumptions and experience effects are recorded in gains and losses recognised directly in equity that cannot be recycled in net income.

- **Other long-term employee benefits** include those paid to current employees and payable more than 12 months after the end of the period concerned. They include in particular long-service awards.

They are valued using an actuarial method identical to that used for defined benefit post-employment benefits. Their accounting method differs on actuarial debt revaluation adjustments, which are recognised as expenses.

- **Severance benefits** are granted to employees on termination of their employment contract before the normal retirement date, either as a result of a decision by the Group to terminate a contract or a decision by an employee to accept voluntary redundancy in exchange for a compensatory amount. They give rise to a provision. Termination benefits payable more than 12 months after the balance sheet date are discounted to present value.

8.1 - Personnel costs

Personnel costs include all expenses relating to personnel and associated social and tax charges.

Information on the workforce broken down by category is presented in Chapter 6 “Declaration of extra-financial performance – our social responsibility”.

in thousands of euros	2021 financial year	2020 financial year
Wages and salaries	-259,981	-244,223
Costs of defined-contribution plans	-428	-368
Costs of defined-benefit plans (1)	-47,583	-44,163
Other social security costs and taxes	-107,325	-97,523
Profit-sharing and incentive plans	-66,998	-50,683
Total personnel costs	**-482,316**	**-436,959**

(1) The IFRS IC decision relating to IAS 19 - Employee Benefits implemented in 2021 would have resulted in the recognition of a corrected amount of -€60,000 on the Costs of defined-benefit plans presented for 2020.

There is still a non-significant CICE amount linked to employees based in Mayotte.

8.2 - Employee benefit obligations

BRED Group grants its staff a variety of employee benefits.

The Banque Populaire banks' private supplementary pension plan, managed by Caisse Autonome de Retraite des Banques Populaires (CAR-BP), covers the pension benefits deriving from the closure of the Banques Populaires banking pension scheme on 31 December 1993.

The pension plans managed by CAR-BP are partly covered by an insurance policy for annuities paid to beneficiaries having passed a reference age and for obligations relating to younger beneficiaries.

Annuities paid to beneficiaries having passed the reference age are managed as part of the insurer's general pension assets. These general assets are reserved to the insurer's pension obligations and are composed of assets adapted to predictable payment schedules. They consist predominantly of bonds so that the insurer can implement the capital guarantee that it is required to give on assets of this type. The insurer is responsible for managing the fund's assets and liabilities.

The other obligations are managed in a unit-linked diversified fund, i.e. with no specific guarantee provided by the insurer. The fund is managed according to a strategic allocation approach, again with a focus on fixed-income products (60%, of which more than 95% made up of government bonds), but also with exposure to equities (40%, of which 20% in the Eurozone). This allocation is established with the aim of optimising the portfolio's performances, subject to a level of risk supervised and measured based on numerous criteria. The corresponding assets/liabilities are carried forward every year and presented to the CAR-BP Technical, Financial and Risk Commission and for information to the Groupe BPCE Social Employee Monitoring Committee. The relatively dynamic allocation applied is made possible by the time frame for using the amounts and by the regulation mechanisms specific to the financial oversight of the system.

Other employee benefits include:

- Retirement and similar benefits: pensions and other post-employment benefits such as termination indemnities and other retirement benefits;
- Others: benefits such as long-service awards and other long-term employee benefits.

8.2.1 - Analysis of employee benefit assets and liabilities recorded on the balance sheet

	Defined benefit post-employment plans					Other long-term benefits			
in thousands of euros	*CAR pension complements*	*CGP pension complements*	*Pension complements and other schemes OTHER*	Pension complements and other schemes	End-of-career awards	Long-service awards	Other benefits	12/31/2021	12/31/2020
Actuarial liabilities (2)	98,339	0	31,982	130,321	45,820	5,129	494	181,764	197,712
Fair value of plan assets	-67,493	0	-24,167	-91,660	-40,495	0	0	-132,155	-118,462
Fair value of reimbursement rights	0	0	0	0	0	0	0	0	0
Effect of ceiling on plan assets	0	0	0	0	0			0	0
NET AMOUNT REPORTED ON THE BALANCE SHEET (2)	**30,846**	**0**	**7,815**	**38,661**	**5,325**	**5,129**	**494**	**49,609**	**79,250**
Employee benefit commitments recorded in the balance sheet	30,846	0	7,815	38,661	5,325	5,129	494	**88,270**	79,250
Plan assets recorded on the balance sheet (1)									

(1) Presented on the assets side of the balance sheet under “Accrued income and other assets”.
(2) The implementation of the IFRS IC decision relating to IAS 19 - Employee Benefits in 2021 resulted in a decrease in provisions of €4.2 million with an offsetting entry in consolidated reserves.

The actuarial debt is representative of the commitment made by the Group to beneficiaries. It is valued by independent actuaries using the projected unit credit method, taking into account demographic and financial assumptions reviewed periodically and at least once a year.

When these plans are financed by hedging assets that meet the definition of plan assets, the amount of the provision corresponds to the actuarial liability less the fair value of those assets.

Excess plan assets are recognised as assets along with hedging assets do not meet the plan’s asset definition.

8.2.2 - Change in amounts recognised on the balance sheet

Change in actuarial liabilities

	Defined benefit post-employment plans					Other long-term benefits			
in thousands of euros	CAR pension complements	CGP pension complements	Pension complements and OTHER schemes	Pension complements and other schemes	End-of-career awards	Long-service awards	Other benefits	2021 financial year	2020 financial year
ACTUARIAL LIABILITIES AT START OF PERIOD	**107,054**	**0**	**30,267**	**137,321**	**50,208**	**5,482**	**486**	**193,496**	**175,177**
Cost of services rendered	0	0	1,696	1,696	3,350	397	0	5,443	5,129
Past service cost	0	0	0	0	95	0	37	132	30
Interest disbursed	396	0	22	418	208	14	0	640	1,308
Benefits paid	-4,105	0	-561	-4,666	-2,318	-83	0	-7,067	-6,924
Other	0	0	484	484	238	-681	-55	-14	813
Revaluation adjustments – Demographic hypotheses	**0**	**0**	**-1,271**	**-1,271**	**-677**			-1,948	-832
Revaluation adjustments – Financial hypotheses	**-5,112**	**0**	**-1,258**	**-6,370**	**-3,648**			-10,018	6,576
Revaluation adjustments – Experience effects	**106**	**0**	**1,574**	**1,680**	**-1,804**			-124	-1,564
Translation differences	0	0	1,030	1,030	15	0	27	1,072	-280
Other (1)	0	0	0	0	-4,063	0	0	-4,063	18,279
ACTUARIAL LIABILITIES AT END OF PERIOD	**98,339**	**0**	**31,982**	**130,321**	**45,820**	**5,129**	**494**	**181,764**	**197,712**

(1) The implementation of the IFRS IC decision relating to IAS 19 - Employee Benefits in 2021 resulted in a decrease in provisions of €4.2 million with an offsetting entry in consolidated reserves under the “Other” item. In 2020, the application of this decision would have resulted in the recognition of the corrected amounts of -€3.7 million in actuarial liabilities at 01/01/2020, -€60,000 in respect of 2020 earnings, -€459,000 for revaluation differences and -€4.2 million in actuarial liabilities at 31/12/2020 and 01/01/2021.

Change in plan assets

	Defined benefit post-employment plans					Other long-term benefits			
in thousands of euros	*CAR pension complements*	*CGP pension complements*	*Pension complements and other schemes OTHER*	Pension complements and other schemes	End-of-career awards	Long-service awards	Other benefits	2021 financial year	2020 financial year
FAIR VALUE OF ASSETS AT START OF PERIOD	**60,453**	**0**	**20,466**	**80,919**	**37,543**	**0**	**0**	**118,462**	**100,040**
Interest received	224	0	16	240	162	0	0	402	644
Contributions received	0	0	1,705	1,705	0	0	0	1,705	3,445
Benefits paid	-675	0	-346	-1,021	0	0	0	-1,021	-844
Other	0	0	-20	-20	0	0	0	-20	-19
Revaluation adjustments – Return on scheme's assets	7,491	0	1,520	9,011	2,790	0	0	11,801	2,371
Translation differences	0	0	826	826	0	0	0	826	-165

Other	0	0	0	0	0	0	0	0	12,990
FAIR VALUE OF ASSETS AT END OF PERIOD	**67,493**	**0**	**24,167**	**91,660**	**40,495**	**0**	**0**	**132,155**	**118,462**

In 2020, BRED Banque Populaire outsourced to an insurer asset management of retirement benefits amounting to €2 million, an amount which is indicated in the "Contributions received" section.

The financial income on hedging assets is calculated by applying the same rate as that used to discount the commitments. The discrepancy between the actual return at closing and this financial income as determined constitutes a re-evaluation discrepancy recognised for post-employment benefits in non-recyclable shareholders' equity.

8.2.3 - Costs of defined benefit plans and other long-term benefits

Expense in respect of defined benefit plans and other long-term benefits

The various components of the expense under defined- benefit schemes are booked under "Personnel costs".

in thousands of euros	Defined benefit post-employment plans				Other long-term benefits		2021 financial year	2020 financial year
	CAR pension complements	*Pension complements and other schemes OTHER*	Pension complements and other schemes	End-of-career awards	Long-service awards	Other benefits		
Cost of services	0	-1,696	-1,696	-3,445	-397	-37	-5,575	-5,159
Net financial cost	-172	-6	-178	-46	-14	0	-238	-665
Other	0	-504	-504	-238	681	55	-6	-832
Expense for the period (1)	**-172**	**-2,206**	**-2,378**	**-3,729**	**270**	**18**	**-5,819**	**-6,655**
Benefits paid	3,430	215	3,645	2,318	83	0	6,046	6,093
Contributions received	0	1,705	1,705	0	0	0	1,705	3,445
Change in provisions following payments	**3,430**	**1,920**	**5,350**	**2,318**	**83**	**0**	**7,751**	**9,537**
TOTAL	**3,258**	**-287**	**2,971**	**-1,411**	**353**	**18**	**1,932**	**2,882**

(1) The application to 2020 of the IFRS IC decision relating to IAS 19 - Employee Benefits would have resulted in the recognition of a corrected amount of -€60,000 for Costs of defined-benefit plans as a cost for the 2020 financial year.

In 2020, "Contributions received" amounting to €2 million reflect the reversal of provisions following outsourcing of management of BRED SA's retirement benefit assets to an insurer. Since an equivalent expense was recognised in "Pension costs", the impact in the income statement is zero.

Gains and losses recognised directly in equity of defined benefit plans

in thousands of euros	Pension complements and other schemes – CAR-BP	Pension complements and other schemes – CGPCE	Pension complements and other schemes OTHER	End-of-career awards	2021 financial year	2020 financial year
TOTAL REVALUATION ADJUSTMENTS AT START OF PERIOD	**24,889**	**0**	**2,284**	**3,311**	**30,484**	**28,675**
Revaluation adjustments generated over the financial year	-12,497	0	-2,476	-8,919	-23,892	**1,809**
Ceiling adjustments on assets	0	0	0	0	**0**	**0**
TOTAL REVALUATION ADJUSTMENTS AT END OF PERIOD	**12,392**	**0**	**-192**	**-5,608**	**6,592**	**30,484**

8.2.4 - Other information

Main actuarial assumptions

	12/31/2021		12/31/2020	
	CAR-BP	**IFC**	**CAR-BP**	**IFC**
Discount rate	0.86%	0.90%	0.38%	0.43%
Inflation rate	1.70%	1.70%	1.60%	1.60%
Mortality table used	TGH05-TGF05	TGH05-TGF05	TGH05-TGF05	TGH05-TGF05
Duration	13 ans	14 ans	14 ans	16 ans

Sensitivity of the actuarial liabilities to the variations in the principal hypotheses

At 31 December 2021, a change of 0.5% in the discount rate and the inflation rate would have the following impact on the actuarial liabilities:

	12/31/2021		12/31/2020	
In % and thousands of euros		CAR-BP		CAR-BP
	%	amount	%	amount
0.5% increase in the discount rate	-6.30%	-6,198	-6.68%	-7,150
0.5% decrease in the discount rate	7.02%	6,903	7.54%	8,004
0.5% increase in the inflation rate	6.41%	6,300	6.79%	7,270
0.5% decrease in the inflation rate	-5.46%	-5,367	-5.64%	-6,040

Payment schedule – (non-discounted) benefits paid to beneficiaries

	12/31/2021	12/31/2020
in thousands of euros	CAR-BP	CAR-BP
Y+1 to Y+5	23,109	23,029
Y+6 to Y+10	21,654	21,687
Y+11 to Y+15	19,295	19,484
Y+16 to Y+20	16,170	16,480
> Y+20	30,480	32,373

Breakdown of the fair value of the assets of the CAR-BP plans (including reimbursement rights)

	12/31/2021		12/31/2020	
	CAR-BP		CAR-BP	
In % and thousands of euros	Weight by category	Fair value of assets	Weight by category	Fair value of assets
Cash	8.77%	5,921	1.27%	768
Shares	42.67%	28,796	37.75%	22,818
Bonds	40.91%	27,612	51.72%	31,266
Property	0.00%	0	0.00%	0
Derivatives	0.00%	0	0.00%	0
Investment funds	7.65%	5,163	9.26%	5,596
Total	100.00%	**67,493**	100.00%	**60,448**

NOTE 9 - INSURANCE ACTIVITIES

Overview

The insurance activities include life and non-life insurance. These activities are carried out within BRED Group by dedicated subsidiaries subject to the specific regulations of the insurance sector.

On 3 November 2017, the European Commission adopted the amendment to IFRS 4 concerning the joint application of IFRS 9 "Financial instruments" with IFRS 4 "Insurance contracts", with specific provisions for financial conglomerates, applicable from 1st January 2018.

Thus, the European regulation allows European financial conglomerates to opt to postpone application of IFRS 9 for the insurance sector until 1st January 2021 (initial date of application of the new IFRS 17 Insurance Contracts standard).

At its meeting on 17 March 2020, the IASB decided to postpone its application by two years, with clarifications still required regarding some structural aspects of the standard. It was also decided to align expiry of the temporary exemption under IFRS 9 for insurers, to coincide with the application of IFRS 17 on 1st January 2023. An amendment was published on 25 June 2020. This amendment makes improvements for the application of IFRS 17.

EU Regulation 2021/2036 of 19 November 2021 adopts IFRS 17 and provides for the possibility of exempting intergenerational pooled contracts with cash flow offsets from the annual cohort requirement imposed by the standard. Groupe BPCE's savings/retirement contracts should be fully within the scope of this European exemption. On 9 December, the IASB published an amendment to IFRS 17 allowing the option to present under IFRS 9 all financial assets held by insurers at 1st January 2022 in the comparative statements for the joint application of IFRS 17 and IFRS 9 in 2023. Groupe BPCE plans to exercise this option and also apply IFRS 9 impairment rules for credit risk to eligible financial assets for its 2022 comparative statements.

Since Groupe BPCE is a financial conglomerate, it has chosen to apply this provision to its insurance activities, which continue to be covered by IAS 39. BRED Group has followed this application. The entities concerned are listed in note 14.4 relating to the scope of consolidation.

The financial assets and financial liabilities of insurance companies therefore follow the provisions of IAS 39. They are categorised as defined by the above standard, and follow its rules on measurement and accounting.

To a large extent, insurance liabilities continue to be valued in accordance with French generally accepted accounting principles pending amendments to the current requirements of IFRS 4.

In accordance with Phase I of IFRS 4, insurance contracts are classified into three categories:

- Contracts that carry an insurance risk as defined in IFRS 4: this category includes policies for pension and retirement, damage to property, and unit-linked savings policies with floor guarantee. Technical reserves in respect of these contracts continue to be measured in accordance with local GAAP;
- Financial contracts such as savings schemes that do not expose the insurer to an insurance risk are recognised under IFRS 4 if they contain a discretionary profit-sharing feature. Technical reserves in respect of these contracts also continue to be measured in accordance with local GAAP;
- Financial contracts without a discretionary profit-sharing feature, such as contracts invested exclusively in units of account, not part of a euro fund and without floor guarantee, are accounted for under IAS 39.

Most of the financial contracts issued by the Group's subsidiaries contain discretionary profit-sharing features in favour of holders.

The discretionary profit-sharing feature grants life insurance policyholders the right to receive a share of the financial income generated, in addition to the guaranteed benefits. For these contracts, in accordance with the shadow accounting principles defined in IFRS 4, the deferred profit-sharing reserve is adjusted to include the policyholders' rights to a share of unrealised gains or their participation in unrealised losses on financial instruments measured at fair value in accordance with IAS 39. The share of capital gains attributable to policyholders is determined on the basis of the characteristics of the contracts likely to generate such capital gains.

Any change in the deferred profit-sharing reserve is recognised in equity for the portion representing changes in the value of available-for-sale financial assets and in profit and loss for the portion representing changes in the value of financial assets at fair value through profit or loss.

In addition to the application of the above policies, the Group performs a liability adequacy test at each balance sheet date, to assess whether recognised insurance liabilities are adequate, based on the estimated present value of future cash flows from its insurance contracts and investment contracts containing a discretionary profit-sharing feature. This test shows the economic value of the liabilities corresponding to the average derived from stochastic analyses. If the sum of the surrender value and the deferred profit-sharing is lower than the fair value of the technical reserves, the shortfall is recognised in income.

BRED Group decided to apply the option, offered by ANC recommendation no. 2017-02, to present the insurance activities separately in the balance sheet and the income statement.

9.1 - Notes to the statement of financial position

Accounting policies

The item “Insurance activity investments” under balance sheet assets now includes insurance activity assets representing:

- Financial investments (i.e. In financial instruments) including advances made to policyholders;
- Unit-linked financial investments;
- Derivatives;
- Revaluation adjustments on interest-rate risk hedged portfolio.

The other balances relating to the insurance activity are grouped together with the balances relating to other balance sheet items according to type.

Under balance sheet liabilities, “liabilities relating to insurance activity contracts” comprise:

- Technical reserves related to insurance contracts (as specified in Appendix A of IFRS 4);
- Liabilities arising from insurance and reinsurance transactions, including amounts due to policyholders;
- Derivative instruments related to insurance activities;
- Revaluation adjustments on interest-rate risk hedged portfolio;
- Deferred profit-sharing liabilities.

9.1.1 - Investments from insurance activities

Accounting policies

The item “Investments from insurance activities” includes loans and advances granted to credit institutions and customers as well as certain securities that are not listed on an active market.

Loans and receivables are initially recorded at fair value plus any costs directly relating to their issuance, less any proceeds directly attributable to issuance. On subsequent balance sheet dates, they are measured at amortised cost using the effective interest method.

The effective interest rate is the rate that discounts estimated future cash flows to the fair value of the loan at inception. This rate includes any discounts recorded in respect of loans granted at below-market rates, as well as any transaction income or costs directly relating to the issuance of the loans, which are treated as an adjustment to the actual yield on the loan. No internal costs are taken into account for the calculation of amortised cost.

When loans are granted at below-market interest rates, a discount corresponding to the difference between the face value of the loan and the sum of future cash flows discounted to the market rate is deducted from the loan's face value. The market rate of interest is the rate applied by the vast majority of financial institutions at a given point in time for instruments and counterparties with similar characteristics.

In the case of loans restructured if the borrower encounters financial difficulties according to IAS 39, a discount is applied to reflect the difference between the present value of the estimated contractual cash flows at inception and the present value of expected principal and interest repayments after restructuring. The discount rate used is the original effective interest rate. This discount is expensed to "Cost of risk credit risk" (for the net share allocated to the insurer) in the income statement and offset against the corresponding outstanding on the balance sheet. It is written back to net interest income on an actuarial basis in the income statement over the term of the loan. The restructured loan is re-included in performing loans based on expert appraisal when there is no longer any doubt as to the borrower's ability to honour its commitments.

The external costs essentially consist of commission paid to third parties in connection with the setting up of the loan. These costs essentially consist of commission paid to business providers.

Income directly attributable to the issuance of new loans mainly comprises set-up fees charged to customers, re-billed costs and, if it is more probable than improbable that the loan will be drawn down, financing commitment fees. Commissions received on financing commitments that will not be drawn are spread over the term of the commitment on a straight-line basis.

Expenses and income arising on loans with a term of less than one year at inception are deferred on a pro rata basis with no recalculation of the EIR. For floating or adjustable rate loans, the effective interest rate is adjusted at each rate refixing date.

Securities recorded as assets are classified into four categories as defined by IAS 39:

- Financial assets at fair value through profit or loss;
- Held to maturity financial assets;
- Loans and receivables;
- Available-for-sale financial assets.

Impairment of securities

With the exception of securities classified as financial assets at fair value through profit or loss, an impairment loss is recognised on an individual basis on securities when there is objective evidence of impairment resulting from one or more loss events having occurred after first recognition of the asset and that the loss event (or events) has (have) an impact that can be reliably estimated on the financial asset's estimated future cash flows.

The impairment rules differ depending on whether the securities are equity instruments or debt instruments.

For equity instruments, a lasting or significant decrease in value is objective evidence of impairment.

The Group considers that a decline of over 50% or lasting for over 24 months in the value of a security relative to its historical cost is objective evidence of lasting impairment, resulting in recognition of a loss in the income statement.

Moreover, these impairment criteria are supplemented by a line-by-line review of the assets that have recorded a decline in value relative to their historical cost of over 30% or lasting more than six months, or if events occur that could represent a material or prolonged decline. When the Group considers that the value of the asset will not be recovered in full, an impairment loss is recognised in the income statement.

In the case of unlisted equity instruments, a qualitative analysis of their situation is performed.

Impairment losses recognised on equity instruments may not be reversed and may not be written back to income. Losses are included in "Net income from insurance activities". Any unrealised gains subsequent to recognition of impairment losses are deferred under "Gains and losses recognised directly in equity" until disposal of the securities.

Impairment losses are recognised in respect of debt instruments such as bonds and securitised transactions (asset backed securities, commercial mortgage-backed securities, residential mortgage-backed securities, cash collateralised debt obligations) when there is a known counterparty risk.

The impairment indicators used for debt securities are the same as those used for individually assessing the impairment risk on loans and receivables, irrespective of the portfolio into which the debt securities are ultimately classified. For undated deeply subordinated notes, particular attention is also paid if, under certain conditions, the issuer may not pay the coupon or may extend the issue beyond the scheduled redemption date.

Impairment losses in respect of debt securities may be reversed in the income statement if there is an improvement in the issuer's situation. These impairments and reversals are recognised under "Cost of credit risk" (for the net share allocated to the insurer).

Impairment of loans and receivables

IAS 39 defines the methods for calculating and recognising impairment of loans and receivables.

A loan or receivable is impaired if the following two conditions are met:

- There is objective evidence of impairment on an individual or portfolio basis, in the form of "trigger events" or "loss events" that characterise counterparty risk occurring after first recognition of the loans in question. On an individual level, the criteria for ascertaining a credit risk include the existence of past due payments;
- These events may lead to the recognition of incurred losses.

Impairment is determined as the difference between the amortised cost and the recoverable amount of the receivable, i.e. the present value of estimated recoverable future cash flows, taking into account the impact of any collateral.

in thousands of euros	**12/31/2021**	**12/31/2020**
Investment property	432,812	401,033
Financial assets at fair value through profit or loss	2,723,209	2,304,267
Available-for-sale financial assets	5,237,196	4,932,423
Loans and receivables due from credit institutions	0	0
Loans and advances to customers	0	0
Held to maturity financial assets	368,434	509,584
Share held by cedents and retrocessionaires in liabilities relating to insurance policies and financial contracts	34,259	30,742
Receivables arising from insurance and assumed reinsurance activities	34,379	17,015
Receivables arising from ceded reinsurance activities	12,814	9,179
Deferred acquisition costs	7,740	2,616
Other		
TOTAL INSURANCE BUSINESS INVESTMENTS	**8,850,843**	**8,206,859**

9.1.2 - Investment property

	12/31/2021			12/31/2020		
In thousands of euros	Gross amount	Accumulated amortisation, depreciation and impairment	Carrying amount	Gross amount	Accumulated amortisation, depreciation and impairment	Carrying amount
Investment properties - at historic cost	0	0	0	0	0	0
Investment properties - Fair value	432,812	0	432,812	401,033	0	401,033
Investment properties - In UA	0	0	0	0	0	0
TOTAL INVESTMENT PROPERTY	**432,812**	**0**	**432,812**	**401,033**	**0**	**401,033**

The fair value of investment properties amounted to €432.8 million at 31 December 2021 compared to €401.0 million at 31 December 2020.

9.1.3 - Financial assets at fair value through profit or loss

Accounting policies

This category comprises:

- Financial assets and liabilities held for trading, i.e. securities acquired or issued for the purpose of selling repurchasing them in the near term;
- Financial assets that the Group has chosen to recognise at fair value though profit or loss at inception using the fair value option available under IAS 39.

These assets are measured at fair value at the initial accounting date and at the balance sheet date. Changes in fair value over the period, interest, dividends and gains or losses on disposal of these instruments are recognised in "Net income from insurance activities".

Financial assets and liabilities recognised at fair value through profit or loss by option

Under the amendment to IAS 39 adopted by the European Union on 15 November 2005, financial assets and financial liabilities may be recognised at fair value though profit or loss on first recognition. This decision is irrevocable.

Compliance with the conditions set forth in IAS 39 must be verified prior to recognition using the fair value option.

Application of this option is reserved for the following situations:

- Elimination or significant reduction of an accounting mismatch;

Application of this option enables the elimination of accounting mismatches stemming from the application of different valuation rules to instruments managed in accordance with a single strategy. This treatment applies in particular to unit-linked assets and liabilities.

- Alignment of accounting treatment with management and performance measurement;

The option applies in the case of a group of assets and/or liabilities managed and measured at fair value, provided that such management is based on a documented risk management policy or investment strategy and that internal reporting relies on a measure in fair value.

- Compound financial instruments containing one or more embedded derivatives.

An embedded derivative is a component of a financial or non-financial hybrid instrument that qualifies as a derivative. It must be extracted from the host contract and accounted for separately if the hybrid instrument is not measured at fair value through profit or loss, and if the economic characteristics and risks associated with the derivative are not closely relating to those of the host contract.

The fair value option may be applied when the embedded derivative substantially modifies the host contract's cash flows and when the separate recognition of the embedded derivative is not specifically prohibited by IAS 39, e.g. the case of a redemption option embedded in a debt instrument. The option allows the entire instrument to be measured at fair value, avoiding the need to extract, recognise or measure separately the embedded derivative.

This accounting treatment applies in particular to certain financial instruments with significant embedded derivatives (convertible bonds, indexed bonds and structured securities).

in thousands of euros	**12/31/2021**	**12/31/2020**
Bonds	0	0
Shares	0	0
UCITS	0	0
Loans and receivables	0	0
Financial liabilities held for trading	**0**	**0**
Trading derivatives	**0**	**0**
Hedging derivatives	**0**	**0**
Bonds	26,697	26,317
Shares	581,946	768,382
UCITS	0	0
Investments backed by unit-linked policies	2,114,566	1,509,568
Financial assets at fair value by option	**2,723,209**	**2,304,267**
TOTAL FINANCIAL ASSETS AT FAIRVALUE THROUGH PROFIT OR LOSS	**2,723,209**	**2,304,267**

Conditions for designating investments at fair value by option

	FL=XJ11	FL=XJ12	FL=XJ13		FL=XJ11	FL=XJ12	FL=XJ13	
	12/31/2021				12/31/2020			
in thousands of euros	Accounting mismatch	Fair value measurement	Embedded derivatives	Financial assets at fair value by option	Accounting mismatch	Fair value measurement	Embedded derivatives	Financial assets at fair value by option
Bonds	0	26,697	0	**26,697**	0	26,317	0	**26,317**
Shares	0	581,946	0	**581,946**	0	768,382	0	**768,382**
UCITS	0	0	0	**0**	0	0	0	**0**
Loans and receivables due from credit institutions	0	0	0	**0**				
Loans and advances to customers	0	0	0	**0**				
Investments backed by unit-linked policies	0	2,114,566	0	**2,114,566**	0	1,509,568	0	**1,509,568**
Total	**0**	**2,723,209**	**0**	**2,723,209**	**0**	**2,304,267**	**0**	**2,304,267**

9.1.4 - Available-for-sale financial assets

Accounting policies

Available for sale financial assets are all securities not included in the categories above.

The available-for-sale financial assets are initially recognised at fair value plus the transaction costs.

At the balance sheet date, they are measured at their fair value and changes in fair value are recorded as gains or losses recognised directly in equity (except for foreign currency money market securities, for which changes in the fair value of the foreign currency component are recognised in the income statement).

If these assets are sold, these changes in fair value are taken to profit or loss.

Income accrued or received on fixed-income securities is recorded under “Net income from insurance activities”. Income from variable-income securities is recorded under “Net income from insurance activities”.

in thousands of euros	**12/31/2021**	**12/31/2020**
Bonds	3,561,330	3,251,897
Shares	1,712,660	1,726,389
UCITS	0	0
Available-for-sale financial assets, gross	**5,273,990**	**4,978,286**
Impairment of debt instruments	0	0
Impairment of equity instruments (1)	-36,794	-45,863
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**5,237,196**	**4,932,423**

9.1.5 - Loans and receivables

Accounting policies

This "Loans and receivables" category, included in the "Investments from insurance activities" item, comprises non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. This category may not include assets exposed to a risk of material losses unrelated to the deterioration in their credit quality.

Certain securities not quoted on an active market may be classified in this category. These securities are recognised initially at fair value plus transaction costs minus any discount and transaction income. Subsequently, the same accounting, measurement and impairment loss recognition methods apply to these securities as for loans and receivables.

When a financial asset recorded under loans and receivables is sold before its maturity, the income from the disposal is recorded under "Net income from insurance activities".

Loans and receivables due from credit institutions and customers

in thousands of euros	**12/31/2021**	**12/31/2020**
Loans and receivables due from credit institutions	0	0
Impairment	0	0
Loans and advances to customers	0	0
Impairment	0	0
TOTAL LOANS AND RECEIVABLES	**0**	**0**

9.1.6 - Held-to-maturity financial assets

Accounting policies

This category comprises securities with fixed or determinable payments and set maturities that the Group has the intention and ability to hold to maturity.

IAS 39 does not permit the sale or transfer of these securities before maturity except in certain specific circumstances. In all other instances, sale or transfer would incur the risk of having to reclassify all financial assets held to maturity and of being barred from using this category for a period of two years.

Exceptions to the rule apply in the following cases:

- A significant deterioration in the issuer's credit quality;
- A change in tax regulations that cancels or significantly reduces the tax exemption on interest earned on investments held to maturity;
- A major business combination or a significant disposal (sale of a segment, for example) requiring the sale or transfer of held to maturity investments in order to maintain the entity's existing situation in terms of interest rate risk or its credit risk policy;
- A change in the legal or regulatory provisions that significantly modifies either the definition of an eligible investment or the maximum limit on certain types of investment, leading the entity to dispose of a held to maturity asset;
- A significant increase in capital requirements forcing the entity to restructure by selling held to maturity assets;
- A significant increase in the risk weighting of held to maturity assets in terms of prudential equity regulations.

In the exceptional disposal cases described above, the income from the disposal is recorded under "Net income from insurance activities".

Held to maturity assets may not be hedged against interest rate risk. Conversely, the hedges of currency risks or of the inflation component of certain held to maturity financial assets are permitted.

Financial assets held to maturity are recognised initially at fair value plus the costs directly attributable to their acquisition. They are subsequently measured at amortised cost using the effective interest method, including any premiums, discounts and acquisition costs, where material.

in thousands of euros	**12/31/2021**	**12/31/2020**
Treasury bills and similar securities	0	0
Bonds and other fixed income securities	368,434	509,584
Gross amount of held to maturity financial assets	**368,434**	**509,584**
Impairment	0	0
TOTAL HELD TO MATURITY FINANCIAL ASSETS	**368,434**	**509,584**

9.1.7 - Trading derivatives

Accounting policies: See 5.2.3

None.

9.1.8 - Hedging derivatives

Accounting policies: See 5.3

None.

9.1.9 - Fair value hierarchy of investments from insurance activities

Accounting policies: See note 10.1

in thousands of euros	12/31/2021				12/31/2020			
	Price quoted on an active market (Level 1)	Measurement technique using observable data (Level 2)	Measurement techniques using non-observable data (Level 3)	Total	Price quoted on an active market (Level 1)	Measurement technique using observable data (Level 2)	Measurement techniques using non-observable data (Level 3)	Total
ASSETS								
INVESTMENT PROPERTY	**0**		**432,812**	**432,812**	**0**	**401,033**		**401,033**
Securities held for trading	0	0	0	0	0	0	0	0
Bonds	0	0	0	0	0	0	0	0
Shares and UCITS	0	0	0	0	0	0	0	0
Loans and receivables	0	0	0	0	0	0	0	0
Financial liabilities held for trading	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest rate derivative	0	0	0	0	0	0	0	0
Currency derivative	0	0	0	0	0	0	0	0
Credit derivative	0	0	0	0				0
Equity derivative	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0
Derivatives excl. hedging derivatives (positive fair value)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Securities at fair value through profit or loss	411,869	196,594	180	608,643	638,220	156,122	357	794,699
Bonds	*25,607*	*1,090*	*0*	26,697	*26,317*	*0*	*0*	*26,317*
Shares and UCITS	*386,262*	*195,504*	*180*	581,946	*611,903*	*156,122*	*357*	*768,382*
Investments backed by unit-linked policies	1,502,372	612,194	0	2,114,566	1,279,431	230,137	0	1,509,568
Loans and receivables	*0*	*0*	*0*	0	*0*	*0*	*0*	*0*
Financial assets designated at fair value through profit or loss by option	**1,914,241**	**808,788**	**180**	**2,723,209**	**1,917,651**	**386,259**	**357**	**2,304,267**
Interest rate derivative	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Currency derivative	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Credit derivative	0	0	0	0				0
Equity derivative	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other derivatives	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Hedging derivatives	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**1,914,241**	**808,788**	**180**	**2,723,209**	**1,917,651**	**386,259**	**357**	**2,304,267**
Equity interests	0	0	0	0	0	0	18,070	18,070
Other available-for-sale securities	3,597,455	951,750	687,991	5,237,196	3,413,464	1,001,138	499,751	4,914,353
Bonds	*2,827,893*	*401,595*	*331,842*	*3,561,330*	*2,524,118*	*430,021*	*297,755*	*3,251,894*
Shares and UCITS	*769,562*	*550,155*	*356,149*	*1,675,866*	*889,346*	*571,117*	*201,996*	*1,662,459*
Loans and receivables	0	0	0	0				
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**3,597,455**	**951,750**	**687,991**	**5,237,196**	**3,413,464**	**1,001,138**	**517,821**	**4,932,423**

After analysis, investment properties were classified as Level 3 in 2021.

Analysis of investments from insurance activities classified in level 3 of the fair value hierarchy

in thousands of euros	12/31/2020	Gains and losses reported during the period			Management events during the period		Transactions during the period		Other changes	12/31/2021
		On the income statement								
		On transactions in progress at closing	On transactions derecognised at closing	In equity	Purchases/Issues	Sales/Redemptions	to another reporting category	from and to another level		
ASSETS										
INVESTMENT PROPERTY	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**432,812**	**0**	**432,812**
Securities held for trading	0	0	0	0	0	0	0	0	0	0
Bonds	0	0	0	0	0	0	0	0	0	0
Shares	0	0	0	0	0	0	0	0	0	0
UCITS	0	0	0	0	0	0	0	0	0	0
Loans and receivables	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial liabilities held for trading	0	0	0	0	0	0	0	0	0	0
Interest rate derivative	0	0	0	0	0	0	0	0	0	0
Currency derivative		0	0	0	0	0	0	0	0	0
Equity derivative	0	0	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0	0	0
Derivatives excl. hedging derivatives (positive fair value)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Securities at fair value through profit or loss	357	-5	5	0	0	-177	0	0	0	180
Bonds	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Shares and UCITS	*357*	*-5*	*5*	*0*	*0*	*-177*	*0*	*0*	*0*	*180*
Investments backed by unit-linked policies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Loans and receivables	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Investments at fair value through profit or loss	**357**	**-5**	**5**	**0**	**0**	**-177**	**0**	**0**	**0**	**180**
Interest rate derivative	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Currency derivative	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Credit derivative										
Equity derivative	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other derivatives	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Hedging derivatives	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**357**	**-5**	**5**	**0**	**0**	**-177**	**0**	**0**	**0**	**180**
Equity interests	35,135	0	0	0	0	0	0	0	-35,135	0
Other available-for-sale securities	499,751	0	4,062	15,011	163,186	-44,866	-92,384	50,847	92,384	687,991
Bonds	297,755	0	7	-8,617	9,443	-17,593	-92,384	50,847	92,384	331,842
Shares and UCITS	201,996	0	4,055	23,628	153,743	-27,273	0	0	0	356,149
Loans and receivables							0	0	0	0
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**534,886**	**0**	**4,062**	**15,011**	**163,186**	**-44,866**	**-92,384**	**50,847**	**57,249**	**687,991**

Analysis of fair value hierarchy transfers

	12/31/2021						12/31/2020					
From	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3
in thousands of euros To	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
ASSETS												
INVESTMENT PROPERTY	**0**	**0**	**0**	**432,812**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Securities held for trading	0	0	0	0	0	0	0	0	0	0	0	0
Bonds	0	0	0	0	0	0	0	0	0	0	0	0
Shares and UCITS	0	0	0	0	0	0	0	0	0	0	0	0
Loans and receivables	0	0	0	0	0	0	0	0	0	0	0	0
Financial liabilities held for trading	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest rate derivative	0	0	0	0	0	0	0	0	0	0	0	0
Currency derivative	0	0	0	0	0	0	0	0	0	0	0	0
Credit derivative												
Equity derivative	0	0	0	0	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Derivatives excl. hedging derivatives (positive fair value)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Securities at fair value through profit or loss	0	0	0	0	0	0	0	0	0	0	0	0
Bonds	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Shares and UCITS	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Investments backed by unit-linked policies	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Loans and receivables	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Financial assets designated at fair value through profit or loss by option	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest rate derivative	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Currency derivative	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Credit derivative												
Equity derivative	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other derivatives	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Hedging derivatives	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Equity interests	0	0	0	0	0	0	0	0	0	0	0	0
Other available-for-sale securities	44,232	0	0	50,847	0	0	20,883	0	52,296	0	105	67,781
Bonds	44,232	0	0	50,847	0	0	20,883	0	52,296	0	105	67,781
Shares and UCITS	0	0	0	0	0	0	0	0	0	0	0	0
Loans and receivables												
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**44,232**	**0**	**0**	**50,847**	**0**	**0**	**20,883**	**0**	**52,296**	**0**	**105**	**67,781**

9.1.10 - Fair value of investments from insurance activities valued on the balance sheet at amortised cost

Accounting policies: See note 10.2

	12/31/2021				12/31/2020			
in thousands of euros	Fair value	Price quoted on an active market (Level 1)	Measurement technique using observable data (Level 2)	Measurement techniques using non-observable data (Level 3)	Fair value	Price quoted on an active market (Level 1)	Measurement technique using observable data (Level 2)	Measurement techniques using non-observable data (Level 3)
Loans and receivables investments due from credit institutions	0	0	0	0	0	0	0	0
Loans and receivables investments due from customers	0	0	0	0	0	0	0	0
Investments held to maturity	564,244	535,406	28,838	0	751,335	683,174	68,161	0
INSURANCE BUSINESS INVESTMENTS AT AMORTISED COST	**564,244**	**535,406**	**28,838**	**0**	**751,335**	**683,174**	**68,161**	**0**

9.1.11 - Liabilities relating to policies in insurance activities

in thousands of euros	12/31/2021	12/31/2020
Technical reserves relating to insurance contracts	6,299,328	5,994,668
Technical reserves relating to unit-linked contracts	1,405,651	1,166,737
Technical reserves relating to insurance contracts	**7,704,979**	**7,161,405**
Technical reserves relating to financial contracts with a discretionary profit sharing feature	0	0
Technical reserves relating to financial contracts without a discretionary profit-sharing feature	0	0
Technical reserves relating to unit-linked financial contracts	125,551	143,003
Technical reserves relating to financial contracts	**125,551**	**143,003**
Deferred profit-sharing liabilities (1)	507,138	512,228
Debts arising from insurance and assumed reinsurance activities	41,084	11,936
Debts arising from ceded reinsurance activities	36,759	31,121
Trading derivatives	0	0
Hedging derivatives	0	0
Other liabilities	0	0
TOTAL LIABILITIES RELATING TO INSURANCE CONTRACTS	**8,415,511**	**7,859,693**

9.1.12 - Financial liabilities at fair value through profit or loss

The information on financial liabilities at fair value through profit or loss required by IFRS 7 is presented in note 5.

9.1.13 - Amounts due to credit institutions and customers

The information on debts to credit institutions and customers required by IFRS 7 is presented in note 5.

9.1.14 - Debt securities

The information on debt securities represented by a security required by IFRS 7 is presented in note 5.

9.1.15 - Subordinated debt

The information on subordinated debt required by IFRS 7 is presented in note 5.

9.1.16 - Deferred profit-sharing

in thousands of euros	12/31/2021	12/31/2020
Deferred profit-sharing assets		
Deferred profit-sharing liabilities	507,138	512,228
TOTAL DEFERRED PROFIT-SHARING (1)	**507,138**	**512,228**
o/w deferred profit-sharing recognised in equity under the full consolidation method	*492,840*	*510,957*

(1) In accordance with convention, deferred profit-sharing assets are shown as negative numbers.

9.2 - Notes to the income statement

9.2.1 - Net income from insurance activities

Accounting policies

Net insurance business income incorporates:

- The revenue of insurance activities comprises issued premiums and changes in the provision for unearned premium in respect of insurance contracts and investment contracts containing a discretionary profit-sharing feature within the meaning of IFRS 4;
- Investment income net of expenses:
  - Investment income including income on investment property,
  - Investment expenses and other financial expenses excluding financing expense,
  - Gains and losses on the disposal of investments including on investment property,
  - Depreciation, amortization, impairment and impairment reversals on investments (including investment property) and other assets (including assets provided under operating leases), recognised at amortised cost;
  - The change in the fair value of investments (including investment property) recognized at fair value through profit or loss;
- The amortisation of acquisition costs;
- External benefit expenses on contracts which include the expense related to benefits in respect of insurance contracts and investment contracts containing a discretionary profit sharing feature (expenses related to the benefits paid, technical liability charges and reversals), including the remuneration of policyholders (deferred profit-sharing), as well as changes in the value of investment contracts, in particular with regard to unit-linked contracts;
- Income from reinsurance assignments defined as the sum of ceded premiums, net of expenses related to ceded benefits and commissions;
- Where applicable:
  - Gains or losses resulting from derecognition of financial assets at amortised cost,
  - Net gains or losses resulting from the reclassification of financial assets at fair value through other comprehensive income in financial assets at fair value through profit or loss.

in thousands of euros	**2021 financial year**	**2020 financial year**
Premiums written	**1,055,980**	648,603
Change in unearned premiums	-3,593	-409
Earned premiums	**1,052,387**	648,194
Revenues and other income from insurance businesses	**219**	**143**
Income from investments	151,208	128,724
Expenses on investments	-5,307	-881
Gains or losses on disposals of investments less reversals of impairment and amortization	117,931	4,411
Change in fair value of investments recognized at fair value through profit or loss	52,766	55,870
Change in impairment for investments	0	0
Income from investments net of expenses	**316,598**	188,124
Amortization of acquisition costs	**0**	**0**
Claims and benefit expenses	**-1,157,747**	**-636,896**
Income from reinsurance cessions	194,102	191,146
Expenses on reinsurance cessions	-274,996	-239,978
Net income or expenses on reinsurance cessions	**-80,894**	**-48,832**
NET INCOME FROM INSURANCE BUSINESSES	**130,563**	**150,733**

9.2.2 - Reconciliation between the insurance format and the bank format

The table below provides a transition between the financial statements of insurance companies included in the scope of consolidation and their translation into BRED Group's financial statements in accordance with the presentation applicable to banks.

	2021 Banking Format						
	NBI						
In thousands of euros	Net income from insurance businesses	Other items of net banking income (excluding net income from insurance businesses)	Operating expenses	Gross operating profit	Other items	2021 financial year	2020 financial year
Earned premiums	1,052,387	-26,898	0	1,025,489	0	1,025,489	643,900
Revenue or income from other activities	219	-219	0	0	0	0	98
Other operating income	0	0	0	0	0	0	0
Net financial income (loss) before finance costs	316,598	872	-3,689	313,781	120	313,901	183,745
TOTAL INCOME FROM ORDINARY ACTIVITIES	**1,369,204**	**-26,245**	**-3,689**	**1,339,270**	**120**	**1,339,390**	**827,743**
Claims and benefit expenses	-1,157,481	494,034	-2,632	-666,079	0	-666,079	-693,199
Expenses from other activities	0	-519,736	0	-519,736	0	-519,736	30,167
Net income and expenses from outward reinsurance	-80,894	84,514	0	3,620	0	3,620	12,728
Policy acquisition costs	0	-53,815	-5,583	-59,398	0	-59,398	-59,809
Amortisation of portfolio securities and similar	0	0	0	0	0	0	0
Administrative expenses	0	-42,104	-6,352	-48,456	0	-48,456	-44,871
Other recurring operating income and expenses	0	-818	-9,542	-10,360	-13	-10,373	-11,213
OTHER OPERATING INCOME AND EXPENSES	**-1,238,375**	**-37,925**	**-24,109**	**-1,300,409**	**-13**	**-1,300,422**	**-766,197**
OPERATING INCOME (1)	**130,829**	**-64,170**	**-27,798**	**38,861**	**107**	**38,968**	61,546

9.3 - Information required regarding temporary exemption from the application of IFRS 9 for the insurance business

	12/31/2021		12/31/2020	
in thousands of euros	Fair value	Change in fair value over the period	Fair value	Change in fair value over the period
Basic financial assets	3,433,382	3,629,192	3,449,691	-79,312
Other financial assets	5,328,268	5,328,268	4,989,356	155,178
TOTAL INSURANCE BUSINESS INVESTMENTS (1)	**8,761,650**	**8,957,459**	**8,439,047**	**75,866**

(1) Includes non-basic financial assets (in particular UCITS), financial assets (basic or non-basic) held for trading and financial assets recognised at fair value by option.

Credit risk related to insurance activities is presented in Pillar 3 – Risk Management section – Non-compliance risks, security and operational risks – Insurance technical risks – Credit risk.

Basic financial assets that do not have a low credit risk at the balance sheet date

	12/31/2021		12/31/2020	
in thousands of euros	Carrying amount	Fair value	Carrying amount	Fair value
Basic financial assets	273,076	274,777	241,716	244,220
TOTAL	**273,076**	**274,777**	**241,716**	**244,220**

NOTE 10 - Fair value of financial assets and liabilities

Overview

The purpose of this note is to present the principles for measuring the fair value of financial instruments as defined by IFRS 13 “Fair value measurement” and to specify certain valuation methods used within BRED Group entities for the purposes of valuing their financial instruments.

Financial assets and liabilities are measured on the balance sheet either at fair value or at amortised cost. However, an indication of the fair value of the items measured at amortised cost is presented in the notes.

For instruments trading in an active market subject to quotation prices, the fair value is equal to the listing price, corresponding to level 1 in the hierarchy of fair value levels.

For other types of financial instruments, which are not listed in an active market, including loans, borrowings and derivatives traded over-the-counter, the fair value is determined using valuation techniques favouring market models and observable data, corresponding to level 2 in the hierarchy of fair value levels. Otherwise, in the event that internal data or proprietary models are used (level 3 fair value), independent controls are put in place to validate the valuation.

Determination of fair value

General principles

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an arm’s length transaction between market participants at the valuation date.

The Group measures the fair value of an asset or liability using assumptions that market operators would use to set the price of the asset or liability. These assumptions include, particularly in the case of derivative instruments, an assessment of the counterparty risk (Credit Valuation Adjustment – CVA) and of the non-execution risk (Debit Valuation Adjustment – DVA). The assessment of these valuation adjustments is based on market parameters.

Moreover, CVA and DVA are not calculated for the valuation of derivatives traded with a counterparty that is a member of Groupe BPCE’s shared support mechanism (see note 1.2).

Fair value on first recognition

For most of the transactions carried out by the Group, the transaction price i.e. the consideration given or received, is the best indication of the fair value of the transaction on first recognition. If this is not the case, the Group adjusts the transaction price. The accounting method applied for recognition of this adjustment is described under the heading “Recognition of *day-one profit*”.

Fair value hierarchy

→ ***Level 1 fair value and notion of active market***

For financial instruments, the most reliable indication of fair value is a quoted price in an active market (level 1 fair value). When this information is available, it should be used without adjustment to determine the fair value.

An active market is a market in which trading in the asset or liability takes place with sufficient frequency and volume.

A fall in market activity may be revealed by indicators such as:

- A significant fall in the primary market for the financial asset or liability (or similar instruments);
- A significant decline in trading volumes;
- Infrequent updating of quoted prices;
- Steep differences in prices available over time between the various players on the market;

- Loss of correlation with indices that previously showed a high correlation with the fair value of the asset or liability;
- A significant rise in prices or in implied liquidity risk premiums, yields or performance indicators (e.g. probability of default and implied expected loss) compared with the Group's estimate of expected cash flows taking into account all the available market data on credit risk or non-execution risk linked to the asset or liability;
- Very wide bid/ask spreads.

Instruments valued based on unadjusted quoted prices in an active market (level 1)

These instruments consist mainly of equities, government bonds, major corporate bonds and certain derivatives traded on organised markets (such as plain vanilla options on the CAC 40 and Eurostoxx indices).
Also, in the case of UCITS, the fair value shall be considered to be level 1 if the net asset value (NAV) is calculated daily and can be used to place an order.

→ ***Level 2 fair value***

If no price is quoted on an active market, the fair value may be determined using an appropriate valuation method that is generally accepted in the financial markets, using observable market parameters where possible (level 2 fair value).

If the asset or liability has a specified (contractual) maturity, a level 2 input must be observable for close to the entire duration of the asset or liability. Level 2 inputs include in particular:

- Prices in markets, active or not, for similar assets and liabilities;
- Other observable input data for the asset or liability unrelated to the market price, such as:

    - Interest rates and interest rate curves observable at standard intervals,
    - Implied volatilities,
    - Credit spreads,

- Input data corroborated by the market, i.e. obtained mainly from observable market data or corroborated using such data, by correlation or otherwise.

Instruments valued using recognised models and directly or indirectly observable data (level 2)

Level 2 derivative instruments

This category includes in particular:

- Plain vanilla interest rate swaps or CMS;
- Forward rate agreements;
- Plain vanilla swaptions;
- Plain vanilla caps and floors;
- Liquid currency forwards;
- Liquid currency swaps and foreign exchange options;
- Liquid credit derivatives (*single name* or on iTraax, iBoxx and other such indices).

Level 2 non-derivative instruments

Certain complex and/or long-dated financial instruments are valued using a recognised model and market parameters derived from observable data such as yield curves or implied volatility levels of options, consensus data, or data obtained from active over-the-counter markets.

The observable nature of the parameters has been demonstrated for all these instruments. In terms of methodology, the observability of these parameters is based on four mandatory criteria:

- They are derived from external sources (via a recognised contributor);
- They are updated regularly;

- They are representative of recent transactions; and
- Their characteristics are identical to those of the transaction concerned.

The trading margin on these financial instruments is recognised immediately in profit or loss.

Instruments measured using level 2 inputs include:

- Securities not listed on an active market whose fair value is determined using observable market data (for example using market data for listed peers or the earnings multiple method);
- Shares or units of UCITS whose NAV is not determined and published on a daily basis but is reported regularly, or in which recent observable transactions have taken place.

→ ***Level 3 fair value***

Lastly, when there is not sufficient observable market data, the fair value can be measured using an internal model that uses non-observable data (level 3 fair value). The model used must be recalibrated on a regular basis by comparing its results with the prices of recent transactions.

Over-the-counter instruments valued using infrequently used models or largely non-observable data (level 3)

When the valuations obtained do not rely either on observable data or on models recognised as market standards, such valuations will be regarded as non-observable.
Instruments measured using specific models or based on non-observable data include in particular:

- Unlisted shares, usually corresponding to equity interests: BPCE, BP Développement;
- Some UCITS whose NAV is indicative (illiquid, liquidation, etc.) and for which there is no price to support the valuation;
- Venture capital funds: their NAV is frequently merely indicative as it is often not possible to exit from the fund;
- Structured equity products with multiple underlyings, fund options, hybrid interest rate products, securitisation swaps, structured credit derivatives and interest rate options;
- Securitisation instruments not quoted on an active market. These instruments are frequently valued on the basis of contributor prices (for example structurers).

Transfers between fair value levels

Information on transfers between fair value levels is given in note 5.5.3. The amounts given in this note are calculated on the last valuation day prior to the change of level.

***Recognition of* day-one profit**

Day-one profit generated on first recognition of a financial instrument cannot be recognised in profit and loss unless the financial instrument can be measured reliably at inception. Financial instruments traded on active markets and instruments valued using recognised models based solely on observable market data are deemed to meet this condition.

For other instruments, valued using unobservable data or proprietary models, the profit generated at inception (Day-one Profit) is deferred and taken to profit or loss over the period during which the valuation data are expected to remain non-observable.

When the valuation data become observable, or the valuation technique used becomes widely recognised and used, the portion of day-one profit neutralised on first recognition and not yet recognised is taken to profit or loss.

In exceptional cases where first recognition results in a day-one loss, the loss is charged immediately to income regardless of whether the data are observable or not.

At 31 December 2021, the Group has no *day-one profit* to take to profit or loss.

Special cases

→ ***Fair value of BPCE securities***

The value of the central institution's securities, classified as equity securities at fair value through non-recyclable equity, was determined by calculating revalued net assets including the revaluation of the main BPCE subsidiaries.

The main BPCE subsidiaries are valued using updated multi-year forecasts of expected dividend flows (Dividend Discount Model). The forecasts of expected dividend flows are based on the business and strategic plans of the entities concerned, as well as on the technical data on the risk level, operating margin and growth rate deemed reasonable. The valuation took into account the individual prudential constraints that apply to the activities in question.

BPCE's revalued net assets incorporate the intangible assets held by BPCE, which have been valued by an independent expert, as well as the structural expenses of the central institution.

This fair value is classified at level 3 of the hierarchy.

At 31 December 2021, the carrying amount of BPCE shares in BRED SA’s financial statements was €999 million.

→ ***Fair value of financial instruments recognised at amortised cost (securities)***

For financial instruments not carried at fair value on the balance sheet, the fair value is indicated for information only and should be understood to be solely an estimate.

In most cases it is not intended to realise the fair value indicated and in practice such value could not generally be realised.

These fair values are calculated solely for the purpose of disclosure in the notes to the financial statements. They are not indicators used to steer the commercial banking activities, for which the business model is based mainly on the receipt of contractual cash flows.

Accordingly, to simplify matters the following assumptions are used:

In certain cases, the carrying amount is deemed to be representative of the fair value

These include in particular:

- Short-term financial assets and liabilities (whose initial term is one year or less) to the extent that sensitivity to interest rate and credit risk is not material during the period;
- Liabilities repayable on demand;
- Floating-rate loans and borrowings;
- And transactions in a regulated market (particularly regulated savings products) whose prices are set by the public authorities.

Fair value of retail customer loan portfolio

The fair value of loans is determined using internal valuation models that discount future payments of recoverable principal and interest to their present value over the remaining loan term. Except in special cases, only the interest rate component is revalued, the credit margin being fixed at the outset and not revalued thereafter. Early repayment options are taken into account in the form of an adjustment of the loan amortisation profile.

Fair value of debt

The fair value of fixed-rate debt with a term of over one year owed to credit institutions and customers is deemed to be equal to the present value of future cash flows discounted at the market interest rate applicable at the balance sheet date.

10.1 - Fair value of financial assets and liabilities

10.1.1 - Fair value hierarchy of financial assets and liabilities

The table below provides a breakdown of financial instruments by type of price and valuation model:

At 31 December 2021

in thousands of euros	Price quoted on an active market (level 1)	Measurement techniques using observable data (level 2)	Measurement techniques using non-observable data (level 3)	TOTAL
FINANCIAL ASSETS				
Debt instruments	**3,614,475**	**807,293**	**336,618**	**4,758,386**
Loans due from credit institutions and customers	0	0	0	0
Debt securities	3,614,475	807,293	336,618	**4,758,386**
Equity instruments	**3,499,881**	**22,442**	**0**	**3,522,323**
Shares and other equity securities	3,499,881	22,442	0	**3,522,323**
Derivatives	**339,889**	**1,254,294**	**22,505**	**1,616,688**
Interest rate derivatives	0	640,580	21,365	**661,945**
Equity derivatives	339,887	120,716	0	**460,603**
Currency derivatives	2	491,066	1,140	**492,208**
Credit derivatives	0	1,932	0	**1,932**
Other derivatives	0	0	0	0
Other	0	0	**0**	0
Financial assets at fair value through profit or loss – Held for trading (1)	**7,454,245**	**2,084,029**	**359,123**	**9,897,397**
Derivatives	**0**	**226**	**0**	**226**
Interest rate derivatives	0	213	0	**213**
Equity derivatives	0	0	0	**0**
Currency derivatives	0	13	0	**13**
Credit derivatives	0	0	0	**0**
Other derivatives	0	0	0	**0**
Financial assets at fair value through profit or loss – Economic hedging	**0**	**226**	**0**	**226**
Debt instruments	**0**	**0**	**0**	**0**
Loans due from credit institutions and customers	0	0	0	**0**
Debt securities	0	0	0	**0**
Financial assets at fair value through profit or loss – By option	**0**	**0**	**0**	**0**
Debt instruments	**10,022**	**125,143**	**576,452**	**711,617**
Loans due from credit institutions and customers	0	125,029	0	**125,029**
Debt securities	10,022	114	576,452	**586,588**
Financial assets at fair value through profit or loss – Non-standard	**10,022**	**125,143**	**576,452**	**711,617**
Equity instruments	**0**	**0**	**10,511**	**10,511**
Shares and other equity securities	0	0	10,511	**10,511**
Financial assets at fair value through profit or loss – Excluding trading	**0**	**0**	**10,511**	**10,511**
Debt instruments	**11,064,459**	**578,233**	**782,843**	**12,425,535**
Loans due from credit institutions and customers	0	0	0	**0**
Debt securities	11,064,459	578,233	782,843	**12,425,535**
Equity instruments	**108,456**	**434**	**1,229,322**	**1,338,212**
Shares and other equity securities	108,456	434	1,229,322	**1,338,212**
Financial assets at fair value in equity	**11,172,915**	**578,667**	**2,012,165**	**13,763,747**
Interest rate derivatives	0	87,297	0	**87,297**
Equity derivatives	0	0	0	**0**
Currency derivatives	0	12,272	0	**12,272**
Credit derivatives	0	0	0	**0**
Other derivatives	0	0	0	**0**
Hedging derivatives	**0**	**99,569**	**0**	**99,569**
TOTAL FINANCIAL ASSETS AT FAIR VALUE	**18,637,182**	**2,887,634**	**2,958,251**	**24,483,067**

in thousands of euros	Price quoted on an active market (level 1)	Measurement techniques using observable data (level 2)	Measurement techniques using non-observable data (level 3)	TOTAL
FINANCIAL LIABILITIES				
Debt securities	**1,339,072**	**2,437**	**0**	**1,341,509**
Derivatives	**23,385**	**1,199,382**	**28,361**	**1,251,128**
- Interest rate derivatives	0	850,937	25,211	**876,148**
- Equity derivatives	23,366	66,745	0	**90,111**
- Currency derivatives	19	278,105	3,150	**281,274**
- Credit derivatives	0	3,595	0	**3,595**
- Other derivatives	0	0	0	**0**
Other financial assets	0	0	0	**0**
Financial liabilities at fair value through profit or loss – Held for trading (1)	**1,362,457**	**1,201,819**	**28,361**	**2,592,637**
Derivatives	**0**	**861**	**0**	**861**
Interest rate derivatives	0	665	0	**665**
Equity derivatives	0	0	0	**0**
Currency derivatives	0	196	0	**196**
Credit derivatives	0	0	0	**0**
Other derivatives	0	0	0	**0**
Financial liabilities at fair value through profit or loss – Economic hedging	**0**	**861**	**0**	**861**
Debt securities	0	0	0	**0**
Other financial assets	0	0	0	**0**
Financial liabilities at fair value through profit or loss – By option	**0**	**0**	**0**	**0**
Interest rate derivatives	0	604,718	0	**604,718**
Equity derivatives	0	0	0	**0**

Currency derivatives	0	7,595	0	7,595
Credit derivatives	0	0	0	0
Other derivatives	0	0	0	0
Hedging derivatives	**0**	**612,313**	**0**	**612,313**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE	**1,362,457**	**1,814,993**	**28,361**	**3,205,811**

(1) Excluding economic hedging.

At 31 December 2020

in thousands of euros	Price quoted on an active market (level 1)	Measurement techniques using observable data (level 2)	Measurement techniques using non-observable data (level 3)	TOTAL
FINANCIAL ASSETS				
Debt instruments	**2,555,985**	**459,505**	**235,954**	**3,251,444**
Loans due from credit institutions and customers	0	0	0	0
Debt securities	2,555,985	459,505	235,954	**3,251,444**
Equity instruments	**3,545,197**	**0**	**0**	**3,545,197**
Shares and other equity securities	3,545,197	0	0	**3,545,197**
Derivatives	**469**	**1,745,937**	**8,015**	**1,754,421**
Interest rate derivatives	0	1,206,093	8,008	**1,214,101**
Equity derivatives	0	171,930	0	**171,930**
Currency derivatives	469	364,866	7	**365,342**
Credit derivatives	0	3,048	0	**3,048**
Other derivatives	0	0	0	0
Other				
Financial assets at fair value through profit or loss – Held for trading (1)	**6,101,651**	**2,205,442**	**243,969**	**8,551,062**
Derivatives	**0**	**37**	**0**	**0**
Interest rate derivatives	0	37	0	0
Equity derivatives	0	0	0	0
Currency derivatives	0	0	0	0
Credit derivatives	0	0	0	0
Other derivatives	0	0	0	0
Financial assets at fair value through profit or loss – Economic hedging	**0**	**37**	**0**	**37**
Debt instruments	**0**	**0**	**0**	**0**
Loans due from credit institutions and customers	0	0	0	0
Debt securities	0	0	0	0
Financial assets at fair value through profit or loss – By option	**0**	**0**	**0**	**0**
Debt instruments	**667**	**1,243**	**601,402**	**603,312**
Loans due from credit institutions and customers	0	0	125,030	**125,030**
Debt securities	667	1,243	476,372	**478,282**
Financial assets at fair value through profit or loss – Non-standard	**667**	**1,243**	**601,402**	**603,312**
Equity instruments	**0**	**0**	**6,502**	**6,502**
Shares and other equity securities	0	0	6,502	**6,502**
Financial assets at fair value through profit or loss – Excluding trading	**0**	**0**	**6,502**	**6,502**
Debt instruments	**11,655,143**	**828,362**	**539,395**	**13,022,900**
Loans due from credit institutions and customers	0	0	0	0
Debt securities	11,655,143	828,362	539,395	**13,022,900**
Equity instruments	**16,306**	**15,115**	**843,729**	**875,150**
Shares and other equity securities	16,306	15,115	843,729	**875,150**
Financial assets at fair value in equity	**11,671,449**	**843,477**	**1,383,124**	**13,898,050**
Interest rate derivatives	0	107,737	0	**107,737**
Equity derivatives	0	0	0	**0**
Currency derivatives	0	16,129	0	**16,129**
Credit derivatives	0	0	0	**0**
Other derivatives	0	0	0	**0**
Hedging derivatives	**0**	**123,866**	**0**	**123,866**

in thousands of euros	Price quoted on an active market (level 1)	Measurement techniques using observable data (level 2)	Measurement techniques using non-observable data (level 3)	TOTAL
FINANCIAL LIABILITIES				
Debt securities	**1,879,191**	**0**	**0**	**1,879,191**
Derivatives	**35,939**	**1,946,004**	**42,013**	**2,023,956**
- Interest rate derivatives	0	1,406,683	41,954	**1,448,637**
- Equity derivatives	35,921	108,852	0	**144,773**
- Currency derivatives	18	425,230	59	**425,307**
- Credit derivatives	0	5,239	0	**5,239**
- Other derivatives	0	0	0	**0**
Other financial assets	0	0	0	**0**
Financial liabilities at fair value through profit or loss – Held for trading (1)	**1,915,130**	**1,946,004**	**42,013**	**3,903,147**
Derivatives	**0**	**583**	**0**	**583**
Interest rate derivatives	0	366	0	0
Equity derivatives	0	0	0	0
Currency derivatives	0	217	0	**217**
Credit derivatives	0	0	0	0
Other derivatives	0	0	0	0
Financial liabilities at fair value through profit or loss – Economic hedging	**0**	**583**	**0**	**583**
Debt securities	0	0	0	0
Other financial assets	0	0	0	0
Financial liabilities at fair value through profit or loss – By option	**0**	**0**	**0**	**0**
Interest rate derivatives	0	335,535	0	**335,535**
Equity derivatives	0	0	0	0
Currency derivatives	0	9,409	0	9,409

Credit derivatives	0	0	0	0
Other derivatives	0	0	0	0
Hedging derivatives	**0**	**344,944**	**0**	**344,944**

(1) Excluding economic hedging.

10.1.2 - Analysis of financial assets and liabilities classified in level 3 of the fair value hierarchy

At 31 December 2021

in thousands of euros	12/31/2020	Gains and losses reported during the period – On the income statement – On transactions in progress at closing	On transactions derecognised at closing	In equity	Management events during the period – Purchases/Issues	Sales/Redemptions	Transactions during the period – to another reporting category	from and to another level	Other changes	12/31/2021
FINANCIAL ASSETS										
Debt instruments	**235,954**	**-501**	**138**	**0**	**336,970**	**-222,587**	**0**	**-13,356**	**0**	**336,618**
Loans due from credit institutions and customers	0	0	0	0	0	0	0	0	0	0
Debt securities	235,954	-501	138	0	336,970	-222,587	0	-13,356	0	336,618
Equity instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Shares and other equity securities	0	0	0	0	0	0	0	0	0	0
Derivatives	**8,015**	**-9,313**	**-127**	**0**	**0**	**-6,887**	**29,892**	**806**	**119**	**22,505**
Interest rate derivatives	8,008	-9,647	-2	0	0	-6,887	29,892	0	1	21,365
Equity derivatives	0	0	0	0	0	0	0	0	0	0
Currency derivatives	7	334	-125	0	0	0	0	806	118	1,140
Credit derivatives	0	0	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0	0	0
Other									**0**	
Financial assets at fair value through profit or loss – Held for trading	**243,969**	**-9,814**	**11**	**0**	**336,970**	**-229,474**	**29,892**	**-12,550**	**119**	**359,123**
Derivatives	**0**	**344**	**0**	**0**	**0**	**-405**	**0**	**0**	**61**	**0**
Interest rate derivatives	0	344	0	0	0	-405	0	0	61	0
Equity derivatives	0	0	0	0	0	0	0	0	0	0
Currency derivatives	0	0	0	0	0	0	0	0	0	0
Credit derivatives	0	0	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0	**0**	0
Financial assets at fair value through profit or loss – Economic hedging	**0**	**344**	**0**	**0**	**0**	**-405**	**0**	**0**	**61**	**0**
Debt instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loans due from credit institutions and customers	0	0	0	0	0	0	0	0	0	0
Debt securities	0	0	0	0	0	0	0	0	0	0
Financial assets at fair value through profit or loss – By option	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Debt instruments	**601,402**	**75,012**	**4,771**	**0**	**31,003**	**-9,871**	**0**	**-125,864**	**-1**	**576,452**
Loans due from credit institutions and customers	125,030	0	0	0	0	0	0	-125,029	-1	0
Debt securities	476,372	75,012	4,771	0	31,003	-9,871	0	-835	0	576,452
Financial assets at fair value through profit or loss – Non-standard	**601,402**	**75,012**	**4,771**	**0**	**31,003**	**-9,871**	**0**	**-125,864**	**-1**	**576,452**
Equity instruments	**6,502**	**3,750**	**5**	**0**	**300**	**-5**	**0**	**0**	**-41**	**10,511**
Shares and other equity securities	6,502	3,750	5	0	300	-5	0	0	-41	10,511
Financial assets at fair value through profit or loss – Excluding trading	**6,502**	**3,750**	**0**	**0**	**300**	**-5**	**0**	**0**	**-41**	**10,511**
Debt instruments	**539,395**	**-70,198**	**-483**	**20,647**	**578,630**	**-312,433**	**0**	**26,911**	**374**	**782,843**
Loans due from credit institutions and customers	0	0	0	0	0	0	0	0	0	0
Debt securities	539,395	-70,198	-483	20,647	578,630	-312,433	0	26,911	374	782,843
Equity instruments	**843,729**	**215,779**	**288**	**101,513**	**57,755**	**-3,934**	**222,058**	**0**	**-207,866**	**1,229,322**
Shares and other equity securities	843,729	215,779	288	101,513	57,755	-3,934	222,058	0	-207,866	1,229,322
Financial assets at fair value in equity	**1,383,124**	**145,581**	**-195**	**122,160**	**636,385**	**-316,367**	**222,058**	**26,911**	**-207,492**	**2,012,165**
Interest rate derivatives	0	0	0	0	0	0	0	0	0	0
Equity derivatives	0	0	0	0	0	0	0	0	**0**	0
Currency derivatives	0	0	0	0	0	0	0	0	0	0
Credit derivatives	0	0	0	0	0	0	0	0	**0**	0
Other derivatives	0	0	0	0	0	0	0	0	0	0
Hedging derivatives	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

in thousands of euros	12/31/2020	Gains and losses reported during the period – On the income statement – On transactions in progress at closing	Gains and losses reported during the period – On the income statement – On transactions derecognised at closing	Gains and losses reported during the period – In equity	Management events during the period – Purchases/Issues	Management events during the period – Sales/Redemptions	Transactions during the period – to another reporting category	Transactions during the period – from and to another level	Other changes	12/31/2021
FINANCIAL LIABILITIES										
Debt securities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Derivatives	**42,013**	**-7,646**	**-60**	**0**	**0**	**-5,996**	**0**	**47**	**3**	**28,361**
Interest rate derivatives	41,954	-9,855	2	0	0	-6,890	0	0	0	25,211
Equity derivatives	0	0	0	0	0	0	0	0	0	0
Currency derivatives	59	2,209	-62	0	0	894	0	47	3	3,150
Credit derivatives	0	0	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0	0	0	**0**	0
Financial liabilities at fair value through profit or loss – Held for trading	**42,013**	**-7,646**	**-60**	**0**	**0**	**-5,996**	**0**	**47**	**3**	**28,361**
Derivatives	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest rate derivatives	0	0	0	0	0	0	0	0	0	0
Equity derivatives	0	0	0	0	0	0	0	0	0	0
Currency derivatives	0	0	0	0	0	0	0	0	0	0
Credit derivatives	0	0	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0	**0**	0
Financial liabilities at fair value through profit or loss – Economic hedging	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Debt securities	0	0	0	0	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0	0	0	0	0
Financial liabilities at fair value through profit or loss – By option	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest rate derivatives	0	0	0	0	0	0	0	0	0	0
Equity derivatives	0	0	0	0	0	0	0	0	0	0
Currency derivatives	0	0	0	0	0	0	0	0	0	0
Credit derivatives	0	0	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0	0	0
Hedging derivatives	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

At 31 December 2020

in thousands of euros	12/31/2019	Gains and losses reported during the period – On the income statement – On transactions in progress at closing	Gains and losses reported during the period – On the income statement – On transactions derecognised at closing	Gains and losses reported during the period – In equity	Management events during the period – Purchases/Issues	Management events during the period – Sales/Redemptions	Transactions during the period – to another reporting category	Transactions during the period – from and to another level	Other changes	12/31/2020
FINANCIAL ASSETS										
Debt instruments	**541,711**	**-1,106**	**-826**	**0**	**155,430**	**-492,863**	**0**	**33,608**	**0**	**235,954**
Loans due from credit institutions and customers	0	0	0	0	0	0	0	0	0	0
Debt securities	541,711	-1,106	-826	0	155,430	-492,863	0	33,608	0	235,954
Equity instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Shares and other equity securities	0	0	0	0	0	0	0	0	0	0
Derivatives	**21,472**	**-363**	**-2,961**	**0**	**0**	**0**	**-7,158**	**-2,975**	**0**	**8,015**
Interest rate derivatives	18,489	-374	-2,949	0	0	0	-7,158	0	0	8,008
Equity derivatives	2,975	0	0	0	0	0	0	-2,975	0	0
Currency derivatives	8	11	-12	0	0	0	0	0	0	7
Credit derivatives	0	0	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0	0	0
Other									**0**	
Financial assets at fair value through profit or loss – Held for trading	**563,183**	**-1,469**	**-3,787**	**0**	**155,430**	**-492,863**	**-7,158**	**30,633**	**0**	**243,969**
Derivatives	**-1,242**	**0**	**0**	**0**	**0**	**0**	**1,242**	**0**	**0**	**0**
Interest rate derivatives	-1,242	0	0	0	0	0	1,242	0	0	0
Equity derivatives	0	0	0	0	0	0	0	0	0	0
Currency derivatives	0	0	0	0	0	0	0	0	0	0
Credit derivatives	0	0	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0	**0**	0
Financial assets at fair value through profit or loss – Economic hedging	**-1,242**	**0**	**0**	**0**	**0**	**0**	**1,242**	**0**	**0**	**0**
Debt instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loans due from credit institutions and customers	0	0	0	0	0	0	0	0	0	0
Debt securities	0	0	0	0	0	0	0	0	0	0
Financial assets at fair value through profit or loss – By option	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Debt instruments	**556,408**	**3,366**	**453**	**0**	**28,366**	**-16,903**	**776**	**28,936**	**0**	**601,402**
Loans due from credit institutions and customers	123,057	13	0	0	1,960	0	0	0	0	125,030
Debt securities	433,351	3,353	453	0	26,406	-16,903	776	28,936	0	476,372
Financial assets at fair value through profit or loss – Non-standard	**556,408**	**3,366**	**453**	**0**	**28,366**	**-16,903**	**776**	**28,936**	**0**	**601,402**
Equity instruments	**7,920**	**-581**	**1,390**	**0**	**500**	**-1,951**	**-776**	**0**	**0**	**6,502**
Shares and other equity securities	7,920	-581	1,390	0	500	-1,951	-776	0	0	6,502
Financial assets at fair value through profit or loss – Excluding trading	**7,920**	**-581**	**1,390**	**0**	**500**	**-1,951**	**-776**	**0**	**0**	**6,502**
Debt instruments	**454,864**	**1,040**	**-2,694**	**136**	**232,991**	**-128,230**	**0**	**-18,561**	**-151**	**539,395**
Loans due from credit institutions and customers	0	0	0	0	0	0	0	0	0	0
Debt securities	454,864	1,040	-2,694	136	232,991	-128,230	0	-18,561	-151	539,395
Equity instruments	**999,166**	**17,521**	**0**	**-193,340**	**16,218**	**-19,171**	**-5,909**	**34,760**	**-5,516**	**843,729**
Shares and other equity securities	999,166	17,521	0	-193,340	16,218	-19,171	-5,909	34,760	-5,516	843,729
Financial assets at fair value in equity	**1,454,030**	**18,561**	**-2,694**	**-193,204**	**249,209**	**-147,401**	**-5,909**	**16,199**	**-5,667**	**1,383,124**
Interest rate derivatives	0	0	0	0	0	0	0	0	0	0
Equity derivatives	0	0	0	0	0	0	0	0	**0**	0
Currency derivatives	0	0	0	0	0	0	0	0	0	0
Credit derivatives	0	0	0	0	0	0	0	0	**0**	0

Other derivatives	0	0	0	0	0	0	0	0	0	0
Hedging derivatives	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

in thousands of euros	12/31/2019	Gains and losses reported during the period			Management events during the period		Transactions during the period			12/31/2020
		On the income statement								
		On transactions in progress at closing	On transactions derecognised at closing	In equity	Purchases/Issues	Sales/Redemptions	to another reporting category	from and to another level	Other changes	
FINANCIAL LIABILITIES										
Debt securities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Derivatives	**42,145**	**-463**	**175**	**0**	**0**	**0**	**156**	**0**	**0**	**42,013**
Interest rate derivatives	42,279	-526	201	0	0	0	0	0	0	41,954
Equity derivatives	0	0	0	0	0	0	0	0	0	0
Currency derivatives	-134	63	-26	0	0	0	156	0	0	59
Credit derivatives	0	0	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0	0	0	**0**	0
Financial liabilities at fair value through profit or loss – Held for trading	**42,145**	**-463**	**175**	**0**	**0**	**0**	**156**	**0**	**0**	**42,013**
Derivatives	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest rate derivatives	0	0	0	0	0	0	0	0	0	0
Equity derivatives	0	0	0	0	0	0	0	0	0	0
Currency derivatives	0	0	0	0	0	0	0	0	0	0
Credit derivatives	0	0	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0	**0**	0
Financial liabilities at fair value through profit or loss – Economic hedging	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Debt securities	0	0	0	0	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0	0	0	0	0
Financial liabilities at fair value through profit or loss – By option	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest rate derivatives	0	0	0	0	0	0	0	0	0	0
Equity derivatives	0	0	0	0	0	0	0	0	0	0
Currency derivatives	0	0	0	0	0	0	0	0	0	0
Credit derivatives	0	0	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0	0	0
Hedging derivatives	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

At 31 December 2021, the financial instruments valued with a technique using unobservable data include:

At 31 December 2021, the valuation of BPCE shares measured at fair value through equity amounted to €999.06 million.

During the financial year, €223.4 million of gains and losses were recognised in the income statement for level 3 financial assets and financial liabilities, including €218.8 million for unwound transactions at 31 December 2021.

During the financial year, €122.2 million of gains and losses were recognised directly in equity in respect of level 3 financial assets, including €122.2 million in respect of unwound transactions at 31 December 2021.

10.1.3 - Analysis of fair value hierarchy transfers

The amount of the transfers indicated in this table is that of the last valuation preceding the change of level.

in thousands of euros		2021 financial year					
	From	level 1	level 1	level 2	level 2	level 3	level 3
	To	level 2	level 3	level 1	level 3	level 1	level 2
FINANCIAL ASSETS							
Debt instruments		**10,821**	**0**	**25,946**	**0**	**0**	**13,356**
Loans due from credit institutions and customers		0	0	0	0	0	0
Debt securities		10,821	0	25,946	0	0	13,356
Equity instruments		**5,174**	**0**	**0**	**0**	**0**	**0**
Shares and other equity securities		5,174	0	0	0	0	0
Derivatives		**0**	**0**	**0**	**806**	**0**	**0**
Interest rate derivatives		0	0	0	0	0	0
Equity derivatives		0	0	0	0	0	0
Currency derivatives		0	0	0	806	0	0
Credit derivatives		0	0	0	0	0	0
Other derivatives		0	0	0	0	0	0
Other							
Financial assets at fair value through profit or loss – Held for trading (1)		**15,995**	**0**	**26**	**806**	**0**	**13,356**
Derivatives		0	0	0	0	0	0
Interest rate derivatives		0	0	0	0	0	0
Equity derivatives		0	0	0	0	0	0
Currency derivatives		0	0	0	0	0	0
Credit derivatives		0	0	0	0	0	0
Other derivatives		**0**	**0**	**0**	**0**	**0**	**0**
Financial assets at fair value through profit or loss – Economic hedging		0	0	0	0	0	0
Debt instruments		**0**	**0**	**0**	**0**	**0**	**0**
Loans due from credit institutions and customers		0	0	0	0	0	0
Debt securities		0	0	0	0	0	0
Financial assets at fair value through profit or loss – By option		0	0	0	0	0	0
Debt instruments		**0**	**667**	**0**	**0**	**0**	**126,531**
Loans due from credit institutions and customers		0	0	0	0	0	125,029
Debt securities		0	667	0	0	0	1,502
Financial assets at fair value through profit or loss – Non-standard		**0**	**667**	**0**	**0**	**0**	**126,531**
Equity instruments		**0**	**0**	**0**	**0**	**0**	**0**
Shares and other equity securities		0	0	0	0	0	0
Financial assets at fair value through profit or loss – Excluding trading		0	0	0	0	0	0
Debt instruments		**27,711**	**0**	**10,584**	**26,135**	**0**	**-776**
Loans due from credit institutions and customers		0	0	0	0	0	0
Debt securities		27,711	0	10,584	26,135	0	-776
Equity instruments		0	0	0	0	0	0
Shares and other equity securities		0	0	0	0	0	0
Financial assets at fair value in equity		**27,711**	**0**	**10,584**	**26,135**	**0**	**-776**
Interest rate derivatives		0	0	0	0	0	0
Equity derivatives		**0**	**0**	**0**	**0**	**0**	**0**
Currency derivatives		0	0	0	0	0	0
Credit derivatives		0	0	0	0	0	0
Other derivatives		0	0	0	0	0	0
Hedging derivatives		0	0	0	0	0	0

in thousands of euros		2021 financial year					
	From	level 1	level 1	level 2	level 2	level 3	level 3
	To	level 2	level 3	level 1	level 3	level 1	level 2
FINANCIAL LIABILITIES							
Debt securities		1,477	0	0	0	0	0
Derivatives		**0**	**0**	**0**	**47**	**0**	**0**
Interest rate derivatives		0	0	0	0	0	0
Equity derivatives		0	0	0	0	0	0
Currency derivatives		0	0	0	47	0	0
Credit derivatives		0	0	0	0	0	0
Other derivatives		0	0	0	0	0	0
Other financial assets		**0**	**0**	**0**	**0**	**0**	**0**
Financial liabilities at fair value through profit or loss – Held for trading*		**-1,477**	**0**	**0**	**47**	**0**	**0**
Derivatives		**0**	**0**	**0**	**0**	**0**	**0**
Interest rate derivatives		0	0	0	0	0	0
Equity derivatives		0	0	0	0	0	0
Currency derivatives		0	0	0	0	0	0
Credit derivatives		0	0	0	0	0	0
Other derivatives		0	0	0	0	0	0
Financial liabilities at fair value through profit or loss – Economic hedging		**0**	**0**	**0**	**0**	**0**	**0**
Debt securities		0	0	0	0	0	0
Other financial assets		0	0	0	0	0	0
Financial liabilities at fair value through profit or loss – By option		**0**	**0**	**0**	**0**	**0**	**0**
Interest rate derivatives		0	0	0	0	0	0
Equity derivatives		0	0	0	0	0	0
Currency derivatives		0	0	0	0	0	0
Credit derivatives		0	0	0	0	0	0
Other derivatives		0	0	0	0	0	0
Hedging derivatives		**0**	**0**	**0**	**0**	**0**	**0**

(*) Excluding technical coverage.

in thousands of euros		2020 financial year					
	From	**level 1**	**level 1**	**level 2**	**level 2**	**level 3**	**level 3**
	To	**level 2**	**level 3**	**level 1**	**level 3**	**level 1**	**level 2**
FINANCIAL ASSETS							
Debt instruments		**33,063**	**0**	**30,131**	**41,905**	**4,167**	**4,130**
Loans due from credit institutions and customers		0	0	0	0	0	0
Debt securities		33,063	0	30,131	41,905	4,167	4,130
Equity instruments		**0**	**0**	**0**	**0**	**0**	**0**
Shares and other equity securities		0	0	0	0	0	0
Derivatives		**0**	**0**	**0**	**0**	**0**	**2,975**
Interest rate derivatives		0	0	0	0	0	0
Equity derivatives		0	0	0	0	0	2,975
Currency derivatives		0	0	0	0	0	0
Credit derivatives		0	0	0	0	0	0
Other derivatives		0	0	0	0	0	0
Other							
Financial assets at fair value through profit or loss – Held for trading*		**33,063**	**0**	**30,131**	**41,905**	**4,167**	**7,105**
Derivatives		0	0	0	0	0	0
Interest rate derivatives		0	0	0	0	0	0
Equity derivatives		0	0	0	0	0	0
Currency derivatives		0	0	0	0	0	0
Credit derivatives		0	0	0	0	0	0
Other derivatives		**0**	**0**	**0**	**0**	**0**	**0**
Financial assets at fair value through profit or loss – Economic hedging		0	0	0	0	0	0
Debt instruments		**0**	**0**	**0**	**0**	**0**	**0**
Loans due from credit institutions and customers		0	0	0	0	0	0
Debt securities		0	0	0	0	0	0
Financial assets at fair value through profit or loss – By option		0	0	0	0	0	0
Debt instruments		**0**	**0**	**0**	**29,186**	**250**	**0**
Loans due from credit institutions and customers		0	0	0	0	0	0
Debt securities		0	0	0	29,186	0	0
Financial assets at fair value through profit or loss – Non-standard		**0**	**0**	**0**	**29,186**	**250**	**0**
Equity instruments		**0**	**0**	**0**	**0**	**0**	**0**
Shares and other equity securities		0	0	0	0	0	0
Financial assets at fair value through profit or loss – Excluding trading		0	0	0	0	0	0
Debt instruments		**42,428**	**0**	**2,914**	**8,244**	**0**	**26,805**
Loans due from credit institutions and customers		0	0	0	0	0	0
Debt securities		42,428	0	2,914	8,244	0	26,805
Equity instruments		0	0	0	34,760	0	0
Shares and other equity securities		0	0	0	34,760	0	0
Financial assets at fair value in equity		**42,428**	**0**	**2,914**	**43,004**	**0**	**26,805**
Interest rate derivatives		0	0	0	0	0	0
Equity derivatives		**0**	**0**	**0**	**0**	**0**	**0**
Currency derivatives		0	0	0	0	0	0
Credit derivatives		0	0	0	0	0	0
Other derivatives		0	0	0	0	0	0
Hedging derivatives		0	0	0	0	0	0

in thousands of euros		2020 financial year					
	From	**level 1**	**level 1**	**level 2**	**level 2**	**level 3**	**level 3**
	To	**level 2**	**level 3**	**level 1**	**level 3**	**level 1**	**level 2**
FINANCIAL LIABILITIES							
Debt securities		0	0	0	0	0	0
Derivatives		**0**	**0**	**0**	**0**	**0**	**0**
Interest rate derivatives		0	0	0	0	0	0
Equity derivatives		0	0	0	0	0	0
Currency derivatives		0	0	0	0	0	0
Credit derivatives		0	0	0	0	0	0
Other derivatives		0	0	0	0	0	0
Other financial assets		**0**	**0**	**0**	**0**	**0**	**0**
Financial liabilities at fair value through profit or loss – Held for trading*		**0**	**0**	**0**	**0**	**0**	**0**
Derivatives		**0**	**0**	**0**	**0**	**0**	**0**
Interest rate derivatives		0	0	0	0	0	0
Equity derivatives		0	0	0	0	0	0
Currency derivatives		0	0	0	0	0	0
Credit derivatives		0	0	0	0	0	0
Other derivatives		0	0	0	0	0	0
Financial liabilities at fair value through profit or loss – Economic hedging		**0**	**0**	**0**	**0**	**0**	**0**
Debt securities		0	0	0	0	0	0
Other financial assets		0	0	0	0	0	0
Financial liabilities at fair value through profit or loss – By option		**0**	**0**	**0**	**0**	**0**	**0**
Interest rate derivatives		0	0	0	0	0	0
Equity derivatives		0	0	0	0	0	0
Currency derivatives		0	0	0	0	0	0
Credit derivatives		0	0	0	0	0	0
Other derivatives		0	0	0	0	0	0
Hedging derivatives		**0**	**0**	**0**	**0**	**0**	**0**

(*) Excluding technical coverage.

The amount of the transfers indicated in this table is that of the last valuation preceding the change of level.

10.1.4 - Sensitivity of level 3 fair values to changes in the main assumptions

The main instrument measured at fair value level 3 on BRED Group's balance sheet is its participation in the BPCE central body.

This investment is classified as "fair value through equity that cannot be reclassified".

The methods for measuring the fair value of the BPCE SA security are described in note 10 relating to the determination of fair value. The valuation method used is the revalued net assets method, which incorporates the revaluation of BPCE's main subsidiaries.

This valuation model is based on internal parameters. The infinite growth rate and the discount rate are among the most significant parameters.

A decrease in the infinite growth rate of 0.25% would lead to a decrease in fair value of the BPCE security of €13 million, on a like-for-like basis. This amount would negatively affect "Gains or losses recognized directly in equity" in the amount of the percentage held by BRED Banque Populaire.

An increase in the infinite growth rate of 0.25% would lead to an increase in the fair value of the BPCE security of €15 million, on a like-for-like basis. This amount would positively affect "Gains or losses recognized directly in equity" in the amount of the percentage held by BRED Banque Populaire.

A decrease in the discount rate of 0.25% would lead to an increase in the fair value of the BPCE security of €126 million, on a like-for-like basis. This amount would positively affect "Gains or losses recognized directly in equity" in the amount of the percentage held by BRED Banque Populaire.

An increase in the discount rate of 0.25% would lead to a decrease in the fair value of the BPCE security of €117 million, on a like-for-like basis. This amount would negatively affect "Gains or losses recognized directly in equity" in the amount of the percentage held by BRED Banque Populaire.

BRED Group's fair value level 3 assets are sensitive to changes in economic conditions in France and Europe. Excluding BPCE securities, this sensitivity is estimated at €246 million.

The cumulative impact of the sensitivity of level 3 derivatives to the main factors (interest rates, inflation, equities, etc.) would be an increase of €118,000 in the event of a 100 basis point rise in the underlying factors, and a decrease of -€128,000 in the event of a 100 basis point drop in said factors.

10.2 - Fair value of financial assets and liabilities at amortised cost

For financial instruments not carried at fair value on the balance sheet, the fair value is indicated for information only and should be understood to be solely an estimate.
In most cases it is not intended to realise the fair value indicated and in practice such value could not generally be realised.

These fair values are calculated solely for the purpose of disclosure in the notes to the financial statements. They are not indicators used to steer the local banking activities, for which the business model is based on the receipt of expected cash flows.

The simplified assumptions made when determining the fair value of instruments at amortised cost are presented in note 10.1.

	12/31/2021				12/31/2020			
in thousands of euros	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
FINANCIAL ASSETS AT AMORTISED COST	**49,446,145**	**330,073**	**21,456,450**	**27,659,622**	**46,250,850**	**1,069,666**	**18,781,155**	**26,400,029**
Loans and receivables due from credit institutions	12,623,092		11,073,064	1,550,027	11,733,988	0	10,312,003	1,421,985
Loans and advances to customers	34,603,315		9,194,418	25,408,897	31,870,195	0	7,387,114	24,483,081
Debt securities	2,219,739	330,073	1,188,968	700,698	2,646,667	1,069,666	1,082,038	494,963
Other								
FINANCIAL LIABILITIES AT AMORTISED COST	**66,623,747**	**0**	**57,429,630**	**9,194,117**	**59,897,151**	**0**	**51,239,959**	**8,657,192**
Amounts due to credit institutions	19,508,541		19,346,608	161,933	14,033,343	0	13,906,890	126,453
Amounts due to customers	39,763,913		30,739,731	9,024,182	36,899,376	0	28,376,742	8,522,634
Debt securities	7,351,293		7,343,291	8,002	8,957,878	0	8,949,773	8,105
Subordinated debt	6,462		6,462		6,554	0	6,554	0

NOTE 11 - TAXES

11.1 - Income tax expense

Accounting policies

Income taxes include all national and foreign taxes due on the basis of taxable profits. Income taxes also include taxes, such as withholding taxes, payable by a subsidiary, associate or partnership on its dividend distributions to the reporting entity. CVAE (contribution on the added value of companies) is not treated as an income tax.

Income taxes include:

- On the one hand, current taxes, which are the amount of current (recoverable) tax payable in respect of the taxable profit (tax loss) of a period. They are calculated on the basis of the tax results of a period of each consolidated tax entity by applying the applicable tax rates and rules established by the tax authorities and on the basis of which the tax must be paid (recovered);
- On the other hand, deferred taxes (see 11.2).

When it is likely that a tax position adopted by the group will not be accepted by the tax authorities, this situation is reflected in the accounts when posting current tax (due or recoverable) and deferred tax (asset or liability).

Since IAS 12 - Income Taxes does not provide specific guidance on the tax consequences of the uncertain nature of the tax for accounting purposes, the treatment to be adopted was clarified in interpretation IFRIC 23 “Uncertainties relating to tax treatments” adopted by the European Commission on 23 October 2018 and mandatory from 1st January 2019.

This interpretation clarifies the accounting and assessment of current and deferred tax when there is uncertainty about the tax treatment applied. If there is doubt about the acceptance of the tax treatment by the tax authorities under tax law, then that tax treatment is an uncertain tax treatment. If it is likely that the tax authorities will not accept the tax treatment adopted, IFRIC 23 indicates that the amount of uncertainty to be reflected in the financial statements must be estimated using the method that will provide the best prediction of the uncertain outcome. Two approaches can be used to determine this amount: the most likely amount method or the expected value method (i.e. the weighted average of the various possible scenarios). IFRIC 23 also requires an assessment of the tax uncertainties to be conducted.

The group's financial statements reflect uncertainties relating to the tax treatment of income taxes where it considers it likely that the tax authorities will not accept them. To assess whether a tax position is uncertain and to assess its effect on the amount of its taxes, the group assumes that the tax authorities will inspect all amounts declared, with full knowledge of all available information. It bases its judgement in particular on the authorities’ guidelines, case law and corrections made by the authorities concerning similar tax uncertainties. The group reviews the estimate of the amount that it expects to pay or recover from the tax authorities in respect of tax uncertainties, in the event of changes to the facts and circumstances associated with them, which may result from (among other factors) changes in tax laws, the expiry of a limitation period or the outcome of inspections and actions carried out by the tax authorities.

Tax uncertainties are recorded according to their meaning and depending on whether they relate to a current or deferred tax in the balance sheet headings “Deferred tax assets”, “Current tax assets”, “Deferred tax liabilities” and “Current tax liabilities”.

Breakdown of tax expense between current and deferred taxes

in thousands of euros	2021 financial year	2020 financial year
Current tax	-132,197	-120,799
Deferred tax	-10,074	15,959
TOTAL INCOME TAX EXPENSE	-142,271	-104,840

Reconciliation between the recognised tax expense and the theoretical tax expense

	12/31/2021		12/31/2020	
	In thousands of euros	Tax rates	In thousands of euros	Tax rates
Net income (group share)	412,440		270,139	
Change in the value of goodwill	0		0	
Non-controlling interests	1,958		150	
Share of net income or loss of associates	-26,935		-18,902	
Taxes	142,271		104,840	
PROFIT BEFORE TAX AND CHANGES IN VALUE OF GOODWILL (A)	**529,733**		**356,226**	
Effects of permanent differences [(1)]	-14,562		-10,711	
Consolidated taxable income (A)	**515,171**		**345,515**	
Standard income tax rate in France (B)		**28.41%**		**32.02%**
Theoretical tax expense (income) at the tax rate in force in France (AxB)	**-165,059**		**-110,634**	
Impact of the change in unrecognised deferred tax assets and liabilities				
Reduced rate of tax and tax-exempt activities	1,732		1,737	
Difference in tax rates on income taxed outside France	3,936		1,721	
Tax on prior periods, tax credits and other tax	5,696		-25,069	
Effects of changes to tax rate				
Other items	11,424		27,405	
INCOME TAX EXPENSE (INCOME) RECOGNISED	**-142,271**		**-104,840**	
EFFECTIVE TAX RATE (INCOME TAX EXPENSE DIVIDED BY TAXABLE INCOME)		**-27.62%**		**-30.34%**

(1) Permanent differences are presented for the first time at 31 December 2020 and restated on the basis of consolidated tax income. Thus, their effect is now excluded from the difference between the effective tax rate and the theoretical tax rate.

11.2 - Deferred taxes

Accounting policies

Deferred taxes are recognised when timing differences arise between the carrying amount of assets and liabilities on the balance sheet and their tax base, regardless of the date at which the tax becomes due or recoverable.

Deferred tax is calculated applying the tax regulations and tax rates set forth in the tax laws in force and which will apply when the tax becomes due or is recovered.

Deferred tax is offset at the level of each fiscal entity. The fiscal entity corresponds either to the entity itself or to the tax consolidation group, if applicable. Deferred tax assets are recognised only when it is probable that the entity concerned can recover them in the foreseeable future.

Deferred taxes are recognised as a tax benefit or expense in the income statement, except for those relating to:

- Valuation adjustments on post-employment benefits;
- Unrealised gains or losses on fair value through equity;
- Changes in the fair value of derivatives designated as cash flow hedges;

for which the corresponding deferred taxes are recognised as unrealised gains or losses directly in equity.

Deferred tax assets and liabilities are not discounted to their present value.

Deferred tax assets and liabilities on timing differences arise from the recognition of the items shown in the table below (positive figures indicate deferred tax assets, while negative figures in brackets represent deferred tax liabilities):

In thousands of euros	12/31/2021	12/31/2020
Unrealised capital gains on UCITS	7,442	3,087
Asset financing with tax implications	0	0
Provisions for employee-related liabilities	12,012	19,353
Provisions for home-savings products	5,321	4,802
Non-deductible impairment for credit risk	36,622	34,072
Other non-deductible provisions	38,665	26,528
Changes in fair value of financial instruments recorded in equity	-20,334	-12,542
Other sources of timing differences	10,862	39,084
Deferred tax resulting from timing differences	90,590	114,384
Deferred tax resulting from the capitalisation of tax losses carried forward	1,866	1,173
Deferred taxes on consolidation restatements and eliminations		
Unrecognised deferred tax assets and liabilities	-781	
NET DEFERRED TAX	91,675	115,557
Recognised		
As assets on the balance sheet	94,926	117,550
As liabilities on the balance sheet	-3,251	1,993

NOTE 12 - OTHER INFORMATION

12.1 - Segment information

12.1.1 – Income statement segment information

BRED Banque Populaire's operations are organised into four business divisions:

- Commercial Banking France, which includes all the activities of the branches, wealth management centres, business centres, corporate banking and associated subsidiaries and Asset/Liability Management (ALM);
- International Commercial Banking;
- Capital Markets Department;
- Consolidated Management of Investments.

	Commercial Banking France & ALM			International Banking			Capital Markets Department			Consolidated investment management		
in thousands of euros	2021	2020 proforma	Change 2021/2020	2021	2020 proforma	Change 2021/2020	2021	2020 proforma	Change 2021/2020	2021	2020 proforma	Change 2021/2020
Net banking income	1,058,916	1,013,585	4.5%	122,421	99,422	23.1%	138,760	148,544	-6.6%	135,988	21,518	NS
Participation fee	-606,560	-578,978	4.8%	-85,528	-81,244	5.3%	-66,069	-59,195	11.6%	-44,774	-51,091	-12.4%
Gross operating income	452,356	434,607	4.1%	36,894	18,178	103.0%	72,692	89,350	-18.6%	91,214	-29,573	NS
Cost/income ratio	57.3%	57.1%	0.2 pt	69.9%	81.7%	-11.9 pts	47.6%	39.8%	7.8 pts	32.9%	NS	NS
Cost of risk to performing loans (levels 1 and 2)	*-21,037*	*-73,924*	*NS*	*-13,131*	*-6,054*	*NS*	*0*	*0*	*NS*	*-71*	*303*	*NS*
Cost of risk to impaired loans (level 3)	*-85,124*	*-72,480*	*17.4%*	*-5,140*	*-9,869*	*-47.9%*	*0*	*0*	*NS*	*360*	*465*	*-22.6%*
Cost of risk	-106,161	-146,404	X 0.7	-18,271	-15,923	X 1.1	0	0	NS	289	768	X 0.4
Operating income	346,195	288,203	20.1%	18,623	2,254	NS	72,692	89,350	-18.6%	91,503	-28,805	NS
Income for equity method companies	470	873	-46.2%	29,992	23,754	26.3%	0	0	NS	-3,527	-5,725	-38.4%
Net gains or losses on other assets	0	0	NS	0	0	NS	0	0	NS	722	5,224	NS
Change in goodwill	0	0	NS	0	0	NS	0	0	NS	0	0	NS
Profit before tax	346,665	289,076	19.9%	48,615	26,008	86.9%	72,692	89,350	-18.6%	88,698	-29,306	NS

When the breakdown was refined in 2021, the 2020 data was adjusted accordingly for the purpose of comparison.

12.1.2 - Segment analysis of consolidated balance sheet by geographic region

in thousands of euros	**Mainland France**	**French overseas**	**Abroad**	European countries	North America	Rest of the world
Financial assets	24,757,752	1,235	1,943,820	1,927,614	0	16,206
Loans and advances to credit institutions	11,323,381	1,370,080	669,527	262,437	0	407,090
Loans and advances to customers	25,607,168	6,837,306	1,976,877	872,883	0	1,103,994
Accrued income and other assets	9,067,262	1,114,563	33,014	5,986	0	27,028
Non-current assets	314,806	251,957	235,884	20,676	0	215,207
TOTAL ASSETS	**71,070,369**	**9,575,141**	**4,859,122**	**3,089,596**	**0**	**1,769,526**

RESSOURCES			**2021**			
in thousands of euros	**Mainland France**	**French overseas**	**Abroad**	European countries	North America	Rest of the world
Financial liabilities	3,205,471	0	340	19	0	321
Amounts due to credit institutions	19,177,983	142,731	172,523	43,150	0	129,374
Amounts due to customers	31,791,562	6,075,894	1,897,504	487,520	0	1,409,984
Debt securities	7,328,187	11,897	8,002	0	0	8,002
Securities transactions and other liabilities	4,335,625	2,887,620	2,542,358	2,414,530	0	127,829
Provisions, equity and similar	5,231,540	457,000	238,394	144,377	0	94,017
TOTAL LIABILITIES	**71,070,369**	**9,575,141**	**4,859,122**	**3,089,596**	**0**	**1,769,526**

12.1.3 - Segment analysis of consolidated income by geographic region

The geographic analysis of segment results is based on the location where business activities are accounted for.

in thousands of euros	2021 financial year	2020 financial year
Mainland France	1,023,983	885,151
French overseas	303,289	292,842
Other European countries	47,924	35,672
North America	0	0
Rest of the World	80,890	69,405
TOTAL	**1,456,086**	**1,283,070**

12.2 - Information on lease transactions

12.2.1 - Lease transactions as lessor

Accounting policies

Leases are analysed to determine whether in substance and economic reality they are finance leases or operating leases.

Finance leases

A finance lease is a lease that transfers to the lessee almost all of the risks and rewards inherent in ownership of the underlying asset.

IFRS 16 - Leases gives five examples of situations that, individually or collectively, enable a finance lease to be distinguished from an operating lease:

- The lease transfers ownership of the underlying asset to the lessee at the end of the lease term;
- The lease contract gives the lessee the option to purchase the underlying asset at a price that should be sufficiently lower than its fair value on the date on which the option is able to be exercised so that the lessee can be reasonably certain of exercising the option at the start of the lease contract;
- The lease term is for the major part of the economic life of the underlying asset, even if there is no transfer of ownership;
- At the start of the lease, the discounted value of the rental payments amounts to at least substantially all of the fair value of the underlying asset;
- The leased assets are of such a specialised nature that only the lessee can use it without major modifications.

IFRS 16 also provides three indicators of situations that, individually or collectively, could lead to a lease being classified as a finance lease:

- When the lessee may cancel the lease and the lessor's losses resulting from the cancellation are borne by the lessee;
- When gains or losses from fluctuations in the fair value of the residual value accrue to the lessee;
- When the lessee has the ability to extend the lease at a rent that is substantially below the market rate.

At the start date of the contract, the assets subject to a finance lease are recognised in the lessor's balance sheet in the form of a debt equal to the net investment in the lease agreement. The net investment corresponds to the discounted value at the implicit rate of the rent payments to be received from the lessee, plus any non-guaranteed residual value of the underlying asset due to the lessor. Rents used for the valuation of net investment more specifically include fixed payments after deduction of rental incentives to be paid and variable rent payments that are based on an index or rate.

IFRS 16 requires non-guaranteed residual values to be reviewed on a regular basis. A decrease in the estimated non-guaranteed residual value results in a change in the income allocation profile over the entire duration of the contract.

In that case, a new depreciation schedule is established and an expense is recorded to correct the amount of financial income already recognised.

Any impairments in respect of receivables' counterparty risk relating to finance leases are determined in accordance with IFRS 9 and using the same method as for financial assets at amortised cost (note 4.1.10). Their impact on the income statement is shown under "Cost of credit risk".

Finance lease income is recognised as financial income in the income statement under "Interest and similar income". This financial income is recognised using the implicit interest rate of the lease, reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. The rate of return implicit in the lease is the discount rate that makes the following two items equal:

- Net investment;
- The initial value of the asset (i.e. fair value at inception of the lease, plus any direct initial costs, comprising expenses incurred specifically by the lessor to set up the lease).

Operating leases

A contract that is not classified as a finance lease is classified as an operating lease.
Assets under simple lease are listed under tangible and intangible assets when they consist of movable property and under investment property when they consist of real estate. Rent earned under simple leases is recognised on a linear basis over the duration of the lease under "Income and expenses from other activities".

Income from lease contracts – lessor

In thousands of euros	**2021 financial year**	**2020 financial year**
Interest and similar income	0	0
Variable rent payments not included in the net investment valuation	0	0
Capital gains or losses on disposals of property under finance leases	0	0
Income from finance leases	**0**	**0**
Rental income	969	939
Variable rent payments that do not depend on an index or rate	0	0
Income from operating leases	**969**	**939**

Repayment schedule for finance leases

In thousands of euros	12/31/2021							12/31/2020						
	Remaining maturity							Remaining maturity						
	< 1 year	1 year < 2 years	2 years < 3 years	3 years < 4 years	4 years < 5 years	> 5 years	Total	< 1 year	1 year < 2 years	2 years < 3 years	3 years < 4 years	4 years < 5 years	> 5 years	Total
Finance leases														
Non-discounted rent payments (gross investment)	91,739	68,308	49,645	29,856	12,496	4,641	256,685	102,441	79,613	44,148	25,323	10,747	3,949	266,221
Discounted rent payments (net investment)	87,994	65,519	47,618	28,637	11,986	4,452	246,206	98,498	76,549	42,449	24,348	10,333	3,797	255,974
Of which discounted amount of the non-guaranteed residual value	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unearned finance income	3,745	2,789	2,027	1,219	510	189	10,479	3,943	3,064	1,699	975	414	152	10,247
Operating leases	-	-	-	-	-	-	-							
Rent payments	908	703	693	693	693	864	4,554	872	705	688	684	684	1,540	5,173

12.2.2 - Lease transactions as lessee

Accounting policies

IFRS 16 applies to contracts that, regardless of their legal name, meet the definition of a lease agreement as established by the standard, i.e. an agreement that conveys the right to control the use of an asset identified by the lessee. Control is established when the policyholder holds the following two rights throughout the term of use:

- The right to obtain almost all of the economic benefits resulting from the use of the property;
- The right to decide on the use of the property.

The existence of an identified asset is particularly dependent on the absence of substantial rights for the lessor to substitute the leased property, this condition being assessed in light of the facts and circumstances existing at the start of the agreement. The lessor's ability to freely substitute the leased property confers a non-rental character on the agreement, since its purpose is then to provide a capacity rather than an asset.
The asset may consist of a portion of a larger asset, such as a floor within a building. On the other hand, part of a property that is not physically separate within a complex, without a predefined location, does not constitute an identified asset.

The IFRS 16 standard requires lessees, with the exception of certain exemptions provided for in the standard, to record all lease contracts in the balance sheet in the form of a right of use of the leased asset included under tangible assets on the assets side and as a lease liability on the liability side.

At the initial recognition date, no deferred tax is recognised if the asset value is equal to that of the liability. Subsequent net temporary differences, resulting from changes in amounts recognised under the right of use and the rental liability, result in the recognition of deferred tax.

The rental liability is valued on the effective date of the lease at the discounted value of the payments due to the lessor over the term of the lease and which have not yet been paid.
These payments include fixed or substantially fixed rents, variable rents based on an index or rate adopted based on the last index or rate in force, any residual value guarantees and, where applicable, any sums to be paid to the lessor in respect of options that are reasonably certain to be exercised.
Rental payments taken into account in determining rental liabilities, variable payments not based on an index or rate, taxes such as VAT, whether recoverable or not, and residential tax, are all excluded.

The right of use is recognised on the asset side on the effective date of the lease for a value equal to the amount of the rental liability on that date, adjusted for payments made to the lessor before or on that date and therefore not taken into account in the valuation of the rental liability, less the incentives received. Where applicable, this amount shall be adjusted for the initial direct costs incurred by the lessee and an estimate of the dismantling and renovation costs, provided the terms and conditions of the lease require it, that the outflow of resources is likely and can be determined with sufficient reliability.

The right of use will be amortised on a straight-line basis and the rental liability on an actuarial basis, over the term of the lease, using the marginal borrowing rate of the lessees at mid-life of the contract as the discount rate.
The amount of the rental liability is subsequently adjusted to take into account changes in indices or rates on which the rents are indexed. Since this adjustment has as its counterpart the right of use, there is no effect on the income statement.

For entities covered by the financial solidarity mechanism that centralise their refinancing with the Group Treasury, this rate is determined at Group level and adjusted, where applicable, in the currency applicable to the lessee.

The lease term corresponds to the non-cancelled period during which the lessee has the right to use the underlying asset, along with any periods covered by extension options that the lessee deems reasonably certain will be exercised and periods covered by termination options that the lessee considers reasonably certain will not be exercised, where applicable.

For French "3/6/9" commercial leases, the term used is generally nine years. The reasonable certainty as to whether an option relating to the length of the agreement will be exercised or not is assessed based on the real-estate management strategy of the Group's establishments.

At the end of the lease, the agreement is no longer enforceable, the lessee and the lessor each having the right to terminate it without the permission of the other party and subject only to a negligible penalty.

Agreements that are not renewed or terminated at the end of the agreement, i.e. "tacitly extended" agreements, are considered to have a residual term of nine months, corresponding to the current period to which the termination notice period is added.

The term of agreements not renewed or terminated at the end of the agreement, known as "in tacit extension", is determined on the basis of expert judgement as to the prospects for holding these agreements and, failing that, in the absence of ad hoc information, over a reasonable period of 3 years.

For contracts recognised on the balance sheet, the expense relating to the rental liability appears in the interest margin within net banking income, while the amortisation expense for the right of use is recognised in the depreciation and amortisation of fixed assets within gross operating income.

Rental agreements not recognised in the balance sheet, as well as variable payments excluded from determination of the rental liability, are presented as expenses for the period among the general operating expenses.

Effects on the income statement of rental agreements - lessee

In thousands of euros	2021 financial year	2020 financial year
Interest expense on rental liabilities	- 354	- 461
Depreciation allowance for rights of use	- 20,489	- 20,584
Variable rental payments not taken into account in the valuation of rental liabilities	- 372	- 590
RENTAL EXPENSES RELATING TO LEASE CONTRACTS RECOGNISED ON THE BALANCE SHEET	**- 21,215**	**- 21,045**

In thousands of euros	2021 financial year	2020 financial year
Rental expense on short-term contracts	- 283	-1,033
Rental expenses relating to low-value assets	- 767	-990
RENTAL EXPENSES RELATING TO LEASE CONTRACTS NOT RECOGNISED ON THE BALANCE SHEET	**- 1,050**	**-2,023**

Schedule of rental liabilities

In thousands of euros	12/31/2021					12/31/2020				
	Amounts of non-discounted future payments					Amounts of non-discounted future payments				
	<6 months	6 months < 1 year	1 year < 5 years	> 5 years	Total	<6 months	6 months < 1 year	1 year < 5 years	> 5 years	Total
Rental liabilities	7,372	7,228	41,730	20,445	76,775	9,752	9,442	32,004	12,777	63,975

Commitments on lease contracts not yet recognised in the balance sheet

In thousands of euros	12/31/2021				12/31/2020			
	Amounts of non-discounted future payments				Amounts of non-discounted future payments			
	< 1 year	1 year < 5 years	> 5 years	Total	< 1 year	1 year < 5 years	> 5 years	Total
Lease agreements whose underlying assets are not yet available	-	-	-	-	-	-	-	-

Future minimum payments relating to contracts for which the Group is committed but for which the underlying assets are not yet available, are not recognised on the balance sheet, under IFRS 16, before their date of delivery. The table below presents the minimum expected payments for those agreements.

Income from lease agreements recognised in the balance sheet

In thousands of euros	**2021 financial year**	**2020 financial year**
Income from sub-letting – operating leases	68	88
Income from sub-letting – finance leases	0	0

When the Group is required to sub-let all or part of a property already leased, the sub-lease agreement is analysed in substantially the same way as the approach adopted by the lessors.

The income relating to such agreements is presented in the same way as the lessor's approach: in income from other activities for agreements qualified as operating leases and interest income for agreements qualified as finance leases.

Income from lease sale transactions

In thousands of euros	**2021 financial year**	**2020 financial year**
Profits (or losses) from lease sale transactions	0	0

12.3 - Related party transactions

Related parties are all companies consolidated by the Group, including companies consolidated under the equity method and BPCE.

12.3.1 - Transactions with consolidated companies

Transactions carried out during the year and balances outstanding at year-end with fully consolidated Group companies are wholly eliminated on consolidation.

Under these conditions, transactions with related parties include reciprocal operations with:

- The BPCE central institution;
- Joint ventures accounted for using the equity method;
- Companies over which the Group exercises significant influence and are accounted for under the equity method (associates).

in thousands of euros	12/31/2021				12/31/2020			
	Parent company	Entities exercising joint control or significant influence	Joint ventures and other associates	Associates	Parent company	Entities exercising joint control or significant influence	Joint ventures and other associates	Associates
Loans and advances	6,892,935			109,278	4,681,424			147,468
Other financial assets	1,158,561			-	809,044			-
Other assets	1,189			67,875	1,818			66,653
Total assets with related parties	**8,052,685**			**177,153**	**5,492,286**			**214,121**
Debt	7,627,571			50,408	4,590,482			43,082
Other financial assets								
Other liabilities								
Total liabilities towards related parties	**7,627,571**			**50,408**	**4,590,482**			**43,082**
Interest and similar income and expenses	45,384			1,111	8,634			1,952
Fees and commissions	- 12,300			30	- 9,684			30
Net gain or loss on financial transactions	38,334			-	47,079			-
Net income from other activities								
Total net banking income with related parties	**71,418**			**1,141**	**46,029**			**1,982**
Commitments given								
Commitments received								
Commitments in respect of forward financial instruments				272,952				365,205
Total commitments involving related parties	**0**			**272,952**	**0**			**365,205**

The list of entities consolidated under the full consolidation method is provided in note 18 “Scope of consolidation”.

12.4 - Partnerships and associates

Accounting policies: See note 3

12.4.1 - Investments in companies accounted for under the equity method

12.4.1.1 - Partnerships and other associates

The Group’s main holdings accounted for under the equity method concern the following joint ventures and associates:

in thousands of euros	**12/31/2021**	**12/31/2020**
ACLEDA BANK Plc	145,709	124,419
BCEL Public	13,375	15,532
Banque Calédonienne d'Investissement	178,070	167,918
SBE (formerly SOGEFIP)	24,195	22,322
SOCREDO Banque Polynésienne	38,282	36,750
Other	0	0
Financial companies	**399,630**	**366,941**
Aurora	12,024	14,523
Non-financial companies	**12,024**	**14,523**
TOTAL EQUITY INTERESTS IN COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD	**411,654**	**381,464**

12.4.1.2 - Financial data for the main partnerships and associates

Summarised financial data for joint ventures and/or companies under significant influence are as follows, drawn up on the basis of the latest data available published by the entities concerned:

in thousands of euros	Associates		
	Banque Calédonienne d'Investissement (BCI)	ACLEDA BANK Plc	SOCREDO Banque Polynésienne
DIVIDENDS RECEIVED	**4**	**1**	**-**
MAIN AGGREGATES	-	-	-
Total assets	**3,533,656**	**6,538,572**	**3,062,769**
Total debt	**3,176,802**	**5,484,054**	**2,737,891**
Income statement	-	-	-
NBI	96,047	343,445	77,317
Operating income	37,552	173,828	21,670
Income tax	-15,345	-33,538	-7,831
Net income	22,207	140,290	10,214
RECONCILIATION WITH THE VALUE IN THE BALANCE SHEET OF THE COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD			
Equity of companies accounted for under the equity method	356,854	1,054,518	324,878
Percentage of ownership	49.90%	12.13%	15.00%
VALUE OF THE HOLDINGS ACCOUNTED FOR UNDER THE EQUITY METHOD	**178,070**	**127,883**	**48,732**
Goodwill	*0*	*17,826*	*0*
Other	*0*		*-10,450*
VALUE OF THE HOLDINGS ACCOUNTED FOR UNDER THE EQUITY METHOD	**178,070**	**145,709**	**38,282**

Summarised financial data for non-material joint ventures and companies under significant influence at 31/2021/2017 are as follows:

12/31/2021

Non-material companies		
In thousands of euros	**Joint ventures**	**Associates**
Carrying amount of holdings accounted for under the equity method	0	49,594
Total amount of shares in:		
net income (a) o/w discontinued activities	0	-2,327
Gains and losses recognised directly in equity (b)	0	-9,549
Comprehensive income (a) + (b)	0	-11,876

12/31/2020

Non-material companies		
In thousands of euros	**Joint ventures**	**Associates**
Carrying amount of holdings accounted for under the equity method	0	52,377
Total amount of shares in:		
net income (a) o/w discontinued activities	0	-2,693
Gains and losses recognised directly in equity (b)	0	-8,794
Comprehensive income (a) + (b)	0	-11,487

12.4.1.3 - Nature and scope of major restrictions

The BRED Group has not experienced significant restrictions associated with the interests held in associates and joint ventures.

12.4.2 - Share of net profit of companies accounted for under the equity method

in thousands of euros	12/31/2021	12/31/2020
ACLEDA BANK Plc	16,706	12,268
BCEL Public	730	2,159
Banque Calédonienne d'Investissement	11,025	8,948
SBE (formerly SOGEFIP)	470	873
SOCREDO Banque Polynésienne	1,532	379
Other	0	-2,641
Financial companies	**30,462**	**21,986**
Other	-3527	-3084
Non-financial companies	**-3527**	**-3084**
SHARE OF NET PROFIT OF COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD	**26,935**	**18,902**

12.5 - Interests in non-consolidated structured entities

12.5.1 Nature of interests in non-consolidated structured entities

A non-consolidated structured entity is a structured entity that is not controlled and therefore is not accounted for using the full consolidation method. Consequently, the interests held in a joint venture or associate classified as a structured entity fall within the scope of this note.
Structured entities that are controlled but not consolidated for reasons of threshold also fall within the scope of this note.
They include all structured entities in which BRED holds an interest and is involved with in one or more of the following capacities:

- Originator/structurer/arranger;
- Placement agent;
- Manager;
- Or, in any other capacity that has a major impact on the structuring or management of the transaction (e.g. providing financing, guarantees or structuring derivatives, tax investor, major investor, etc.).

In the specific case of asset management, investments in private equity, venture capital and real estate funds are disclosed, unless they are not material for BRED Group.

An interest in an entity corresponds to any type of contractual or non-contractual relationship that exposes BRED Group to a risk of fluctuating returns linked to the entity's performance. Interests in another entity may be attested to by, inter alia, the holding of equity or debt instruments, or by other links, such as funding, cash advances, credit enhancement, granting of guarantees or structured derivatives.

In note 14.3, BRED Group discloses all the transactions recorded on its balance sheet in respect of risks linked to the interests held in the structured entities included in the scope described herein.

The structured entities with which the Group is in relation may be grouped into four families: entities created for the asset management activity, securitisation vehicles, entities created as part of structured financing and entities created for other types of transactions.

Asset management

The management of financial assets (also called portfolio management or Asset Management) consists of managing capital or funds contributed by investors by investing in shares, bonds, cash open-ended funds (SICAV), hedge funds , etc.

The asset management activity that draws on structured entities is represented by collective management or fund management. More specifically, it comprises undertakings for collective investment within the meaning of the French Monetary and Financial Code (other than securitisation structures) and equivalent undertakings governed by foreign law. This includes in particular entities such as UCITS, real estate funds and private equity funds.

Securitisation

Securitisation transactions are generally established in the form of structured entities in which assets or derivatives representing credit risks are isolated.

These entities are designed to diversify the underlying credit risks and split them into different levels of subordination (tranches), generally with a view , to marketing them to investors seeking a certain level of return, in line with the level of risk accepted.

These assets of these vehicles and the liabilities they issue are rated by the rating agencies, which monitor that the level of risk borne by each risk tranche sold is in keeping with its risk rating.

The types of securitisation transactions used and which involve structured entities are as follows:

- Transactions where the Group (or a subsidiary) sells on its own behalf to a dedicated vehicle, in cash or synthetic form, the credit risk relating to one of its asset portfolios;
- Securitisation transactions carried out on behalf of third parties. These transactions consist of housing assets belonging to another company in a dedicated structure, generally a securitisation fund (Fonds Commun de Créances – FCC). The fund issues units that can, in certain cases, be subscribed to directly by investors, or subscribed to by a multi-seller conduit which refinances the acquisition of these units by issuing short-term notes (commercial paper).

Structured financing (of assets)

Structured financing covers all the activities and products put in place to provide financing to economic agents while reducing risk through the use of complex structures. This includes the financing of movable assets (aeronautic, marine or terrestrial transport, telecommunications, etc.) and real estate assets and of the acquisition of target companies (LBO financing).

The Group may create a structured entity to house a specific financing transaction on behalf of a customer. This is a contractual and structural organisation. The particularities of these types of financing concern the management of risk by using concepts such as limited recourse or waivers of recourse, contractual and/or structural subordination and the use of dedicated legal structures, in particular to hold a single finance lease contract representing the financing granted.

Other activities

“Other activities” covers all remaining activities.

12.5.2 - Nature of risks relating to interests in non-consolidated structured entities

The assets and liabilities recorded in the Group’s various balance sheet accounts in respect of interests in non-consolidated structured entities help determine the risks linked to these entities.

Maximum exposure to the risk of loss is calculated based on the amounts recorded in this respect on the assets side of the balance sheet, plus financing and guarantee commitments given and minus guarantee commitments received and provisions recognised as liabilities.

The “Notional amount of derivatives” line item corresponds to the notional amounts of options sales relating to structured entities.
The data is presented below, aggregated based on the related type of activity.

At 31 December 2021

Excluding investments from insurance activities in thousands of euros	Securitisation	Asset management	Structured financing	Other activities
Financial assets at fair value through profit or loss	**0**	**389,739**	**16,622**	**0**
Trading derivatives	0	0	16,622	0
Trading financial instruments (excluding derivatives)	0	0	0	0
Financial assets at fair value through profit or loss – Non-basic	0	389,739	0	0
Financial instruments designated at fair value through profit or loss by option	0	0	0	0
Equity instruments – excluding trading	0	0	0	0
Financial assets at fair value in equity	**0**	**0**	**0**	**38,370**
Financial assets at amortised cost	**0**	**2,023**	**708,783**	**0**
Other assets	**0**	**0**	**0**	**0**
Total assets	**0**	**391,762**	**725,405**	**38,370**
Financial liabilities at fair value through profit or loss	**0**	**0**	**0**	**0**
Provisions	**0**	**0**	**0**	**0**
Total liabilities	**0**	**0**	**0**	**0**
Financing commitments given	**0**	**16,500**	**269,244**	**0**
Guarantee commitments given	**0**	**0**	**426,442**	**0**
Guarantees received	**0**	**0**	**0**	**0**
Notional amount of derivatives	**0**	**0**	**0**	**0**
Maximum loss exposure	**0**	**408,262**	**1,421,091**	**38,370**

Investments by insurance activities *In thousands of euros*	Securitisation	Asset management	Other activities
Financial assets at fair value through profit or loss	**0**	**1,975,745**	**0**
Trading derivatives	0	0	0
Trading financial instruments (excluding derivatives)	0	1,975,745	0
Financial instruments designated at fair value through profit or loss by option	0	0	0
Available-for-sale financial assets	**0**	**0**	**0**
Loans and receivables	**0**	**0**	**0**
Held to maturity financial assets	**0**	**0**	**0**
Other assets	**0**	**0**	**0**
Total assets	**0**	**1,975,745**	**0**
Financial liabilities at fair value through profit or loss	**0**	**0**	**0**
Liabilities relating to policies in insurance activities	**0**	**0**	**0**
Provisions	**0**	**0**	**0**
Total liabilities	**0**	**0**	**0**
Financing commitments given	**0**	**0**	**0**
Guarantee commitments given	**0**	**0**	**0**
Guarantees received	**0**	**0**	**0**
Notional amount of derivatives	**0**	**0**	**0**
Maximum loss exposure	**0**	**1,975,745**	**0**

In thousands of euros	Securitisation	Asset management	Structured financing	Other activities
Size of structured entities	**0**	**119,453,875**	**1,437,028**	**1,008,829**

At 31 December 2020

Excluding investments from insurance activities in thousands of euros	Securitisation	Asset management	Structured financing	Other activities
Financial assets at fair value through profit or loss	**0**	**314,993**	**21,473**	**0**
Trading derivatives	0	0	21,473	0
Trading financial instruments (excluding derivatives)	0	0	0	0
Financial assets at fair value through profit or loss – Non-basic	0	314,993	0	0
Financial instruments designated at fair value through profit or loss by option	0	0	0	0
Equity instruments – excluding trading	0	0	0	0
Financial assets at fair value in equity	**0**	**0**	**5**	**30,988**
Financial assets at amortised cost	**0**	**5,209**	**668,337**	**0**
Other assets	**0**	**0**	**0**	**0**
Total assets	**0**	**320,202**	**689,815**	**30,988**
Financial liabilities at fair value through profit or loss	**0**	**0**	**0**	**0**
Provisions	**0**	**0**	**0**	**0**
Total liabilities	**0**	**0**	**0**	**0**
Financing commitments given	**0**	**9,800**	**196,868**	**0**
Guarantee commitments given	**0**	**0**	**391,889**	**0**
Guarantees received	**0**	**0**	**0**	**0**
Notional amount of derivatives	**0**	**0**	**0**	**0**
Maximum loss exposure	**0**	**330,002**	**1,278,572**	**30,988**

Investments from insurance activities in thousands of euros	Securitisation	Asset management	Other activities
Financial assets at fair value through profit or loss	**0**	**1,711,573**	**0**
Trading derivatives	0	0	0
Trading financial instruments (excluding derivatives)	0	1,711,573	0
Financial instruments designated at fair value through profit or loss by option	0	0	0
Available-for-sale financial assets	**0**	**0**	**0**
Loans and receivables	**0**	**0**	**0**
Held to maturity financial assets	**0**	**0**	**0**
Other assets	**0**	**0**	**0**
Total assets	**0**	**1,711,573**	**0**
Financial liabilities at fair value through profit or loss	**0**	**0**	**0**
Liabilities relating to policies in insurance activities	**0**	**0**	**0**
Provisions	**0**	**0**	**0**
Total liabilities	**0**	**0**	**0**
Financing commitments given	**0**	**0**	**0**
Guarantee commitments given	**0**	**0**	**0**
Guarantees received	**0**	**0**	**0**
Notional amount of derivatives	**0**	**0**	**0**
Maximum loss exposure	**0**	**1,711,573**	**0**

In thousands of euros	Securitisation	Asset management	Structured financing	Other activities
Size of structured entities	**0**	**99,998,650**	**1,224,783**	**1,008,829**

The size criterion selected varies as a function of the activity of the structured entities:

- Securitisation: the total amount of liabilities issued by the entity;
- Asset management: the net assets of collective investment vehicles (other than securitisation vehicles);
- Structured financing: the total amount of outstanding financing due by the entities to all the banks;
- Other activities: the balance sheet total.

During the period the Group did not grant any financial support to unconsolidated structured entities in which it holds an interest.

12.5.3 - Income and carrying amount of assets transferred to sponsored non-consolidated structured entities

A structured entity is considered sponsored by a Group entity when the two following conditions are met:

- It is involved in the creation and structuring of the structured entity;
- It contributes to the success of the entity by transferring assets to it or by managing relevant activities.

When the Group entity's role is limited to that of advisor, arranger, custodian or placement agent, the structured entity is not considered to be sponsored.

BRED Group is not the sponsor of any structured entities.

12.6 - Operations by country

BRED Group is not required to present this information which is contained in the BPCE report.

12.7 - Statutory auditors' fees

The fees recognised for the statutory auditors belonging to the same network as the statutory auditors responsible for auditing BRED financial statements are, for the 2020 and 2021 financial years:

Amounts in thousands of euros	KPMG				PWC				TOTAL			
	Amount		%		Amount		%		Amount		%	
	2021 (2)	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Mandates to certify financial statements (1)	**703**	**659**	**67.4%**	**90.0%**	**481**	**461**	**83.8%**	**86.4%**	**1,184**	**1,120**	**73.2%**	**88.5%**
- Issuer	*225*	*219*			*228*	*199*			**453**	*418*		
- Fully integrated subsidiaries	*478*	*440*			*253*	*262*			**731**	*702*		
Services other than certifying statements	**340**	**73**	**32.6%**	**10.0%**	**93**	**73**	**16.2%**	**13.6%**	**433**	**146**	**26.8%**	**11.5%**
- Issuer	*68*	*61*			*74*	*69*			**142**	*130*		
- Fully integrated subsidiaries	*272*	*12*			*19*	*4*			**291**	*16*		
TOTAL	**1,043**	**732**	**100%**	**100%**	**574**	**534**	**100%**	**100%**	**1,617**	**1,266**	**100%**	**100%**
Change (%)	***42.5%***				***7.5%***				***27.7%***			

(1) Including the services of independent experts or members of the statutory auditor network performed in the context of the certification of the financial statements.

(2) This increase is mainly due to the regulatory audit of the subsidiary BIC Suisse, which takes place every 3 years and to mandatory certifications on the subsidiary Soredom.

The amounts relate to the services included in the income statement for the financial year, including in particular non-recoverable VAT.

Services other than the certification of accounts consist primarily of work to review regulatory reporting, work to review the declaration of extra-financial performance and compliance review work.

NOTE 13 - CONDITIONS FOR DRAWING UP COMPARATIVE DATA

Not applicable for BRED Group in 2021.

NOTE 14 - SCOPE OF CONSOLIDATION

14.1 - Securitisation transactions

Accounting policies

Securitisation is a financial arrangement that allows an entity to improve its balance sheet liquidity. Technically, assets selected according to the quality of their guarantees are grouped into an ad hoc company that purchases them using finance obtained by issuing securities subscribed by investors.

The specific entities created in this way are consolidated when the Group controls them. Control is measured against the criteria of IFRS 10 and recalled in 3.2.1.

BRED Group internal securitisation transactions

In millions of euros	Nature of assets	Date of creation	Expected maturity	Nominal amount at initial recognition	Balance at 31/12/2021
Elide 2011	Residential real estate loans	4/6/2011	Jan-36	1,089	0
Elide 2012	Residential real estate loans	6/26/2012	Apr-37	1,190	0
Elide 2014	Residential real estate loans	11/18/2014	Oct-39	915	189
Elide 2017-1	Residential real estate loans	2/2/2017	Dec-37	1,842	588
Elide 2017	Residential real estate loans	4/27/2017	Oct-41	1,051	418
Elide 2018	Residential real estate loans	5/29/2018	Sep-46	1,390	785
Elide 2021	Residential real estate loans	3/25/2021	Mar-49	2,920	2,655
Sub-total Elide				**10,397**	4,635

14.2 - Guaranteed UCITS

Guaranteed UCITS are funds whose objective, at the expiry of a given period, is to achieve an amount determined by the mechanical application of a predefined calculation formula, based on financial market indicators, and to distribute income determined in the same way where applicable. The management objective of these funds is guaranteed by a credit institution.

Analysis of the overall economy of these structures in terms of criteria defined by IFRS 10 demonstrates that the Group does not hold power over the relevant activities (management flexibility being limited) and is not exposed to variable returns (a robust risk monitoring system has been put in place) and therefore does not consolidate these structures.

14.3 - Other interests in consolidated subsidiaries and structured entities

BRED Group has not granted any financial support to consolidated structured entities.

14.4 - Scope of consolidation at 31 December 2021

Entities whose contribution to the financial statements is not material are not included in the consolidation scope. For entities meeting the definition of financial sector entities pursuant to Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 (the Capital Requirements Regulation (CRR)), the accounting consolidation thresholds are aligned with the thresholds for the scope of prudential consolidation starting 31 December 2017. Article 19 of the CRR refers to a threshold of €10 million for total balance sheet items and off-balance sheet items. For non-financial sector entities, the criterion of significance is assessed at the consolidated entity level. According to this principle of ascending materiality, all entities included in the scope of a lower level are included in the consolidation scope of higher levels even though they are not material for the higher level.

The percentage of interest is indicated for each entity within the scope. The percentage of interest expresses the portion of capital held by the Group in the companies within the scope, directly or indirectly. The percentage of interest is used to determine the Group's portion in the net assets of the investee company.

	Nationality	Voting interest (%)	Ownership interest (%)
FULL CONSOLIDATION			
Parent company			
BRED Banque Populaire – 18, quai de la Rapée – 75012 Paris	F		
Financial companies – Credit institutions			
Banque Franco Lao – 23 Singha Road – 159 Nongbone – Vientiane – LAOS	E	70.00	70.00
BCI Mer Rouge – place Lagarde – Djibouti	E	51.00	51.00
BIC BRED – 18, quai de la Rapée – 75012 Paris	F	100.00	100.00
BIC BRED Suisse – Place de Longemalle 1, 1204 Geneva – Switzerland	E	100.00	100.00
BRED Bank Fidji ltd – 96, Thomson Street – Suva – Fiji Islands	E	100.00	90.00
Bred Bank Cambodia – 30 Norodom bld, Phnom Penh – Cambodia	E	100.00	100.00
BRED Cofilease – 18, quai de la Rapée – 75012 Paris	F	100.00	100.00
BRED Gestion – 18, quai de la Rapée – 75012 Paris	F	100.00	100.00
BRED Vanuatu – Port Vila – Republic of Vanuatu	E	85.00	85.00
EPBF – 181, Chaussée de la Hulpe – B1170 Brussels – Belgium	E	100.00	100.00
Socama BRED – 18, quai de la Rapée – 75012 Paris	F	100.00	6.38
Soredom– 12 bd du général de Gaulle – 97242 Fort-de-France	F	100.00	100.00
Sofider – 3 rue Labourdonnais – 97400 Saint-Denis de la Réunion	F	100.00	100.00
Bred Salomon Island-Kukum Highway Plaza – PO Box 1639 Honiara – Solomon Islands	F	85.00	85.00
Financial institutions other than credit institutions			
Cofibred – 18 quai de la Rapée – 75012 Paris	F	100.00	100.00
NJR Invest – 181, Chaussée de la Hulpe – B1170 Brussels – Belgium	E	100.00	100.00
Promepar Gestion – 18, quai de la Rapée – 75012 Paris	F	100.00	100.00
Other financial undertakings			
Adaxtra Capital – 18, quai de la Rapée – 75012 Paris	F	100.00	100.00
Brd China Ltd – 78 Yang He Yi Cun, Jiangbei Dt, Chongqing – China	E	100.00	100.00
BRED IT – Thai Wah Tower – Sathorn District –Bangkok – Thailand	E	100.00	100.00
Cofeg – 18, quai de la Rapée – 75012 Paris	F	100.00	100.00
Click and Trust – 18, quai de la Rapée – 75012 Paris	F	66.00	66.00
FCC Elide – 41, avenue de l'Opéra – 75002 Paris	F	100.00	100.00
Foncière du Vanuatu – Port Vila – Republic of Vanuatu	E	100.00	100.00
IRR Invest – 181, Chaussée de la Hulpe – B1170 Brussels – Belgium	E	100.00	100.00
Perspectives Entreprises – 18, quai de la Rapée – 75012 Paris	F	100.00	100.00
Prepar Courtage – Tour Franklin – 92040 La Défense	F	100.00	100.00
SPIG – 18, quai de la Rapée – 75012 Paris	F	100.00	100.00
Vialink – 18, quai de la Rapée – 75012 Paris	F	100.00	100.00
Ingépar – 88 Avenue de France – 75013 Paris	F	100.00	100.00
Non-financial companies – Insurance			
Prepar Iard – Tour Franklin – 101 quartier Boïeldieu – 92040 La Défense	F	100.00	100.00
Prepar-Vie – Tour Franklin – 101 quartier Boïeldieu – 92040 La Défense	F	100.00	99.98
CONSOLIDATION USING THE EQUITY METHOD			
Credit institutions			
ACLEDA – 61 Preah Monivong Blvd – Kahn Daun Penh – Cambodia	E	12.13	12.13
BCEL – 1, Pangkam street – Bang Xiengnheun, Vientiane – Laos	E	10.00	10.00
BCI – 54, avenue de la Victoire – 98849 Noumea	F	49.90	49.90
SBE – 22, rue de Courcelles – 75008 Paris	F	50.00	50.00
Socredo – 115, rue Dumont d'Urville – Papeete – Tahiti – Polynesia	F	15.00	15.00
Other non-financial companies			
Aurora – 181, Chaussée de la Hulpe – B1170 Brussels – Belgium	E		100.00

14.5 - Companies not consolidated at 31 December 2021

ANC regulation no. 2016-09 of 2 December 2016 requires companies that prepare their consolidated financial statements in accordance with international standards as adopted by the European Union to publish additional information relating to companies not included within their scope of consolidation as well as equity securities of a significant nature.

Companies not consolidated included:

- Significant equity interests that do not fall within the scope of consolidation, on the one hand, and
- Companies excluded from consolidation as a result of their non-significant interest, on the other hand.

The primary significant equity interests that do not fall within the scope of consolidation are as follows, with an indication of the portion of capital held by the Group, both directly and indirectly, for each:

				in thousands of euros	
Companies	Location (1)	Portion of capital held	Reason for exclusion from consolidation (2)	Equity amount (3)	Income amount (3)
BPCE	France	5.0%	No control	16,205,747	2,213,155
BP Développement	France	4.3%	No control	125,633	-115,657

(1) Operating country.
(2) Absence of control, joint control or significant influence (outside the scope or "HP"), post-employment benefit plan or long-term employee benefit plan excluded from the scope of IFRS 10 (Pers.), holding acquired for subsequent disposal in the short term classified as assets held for sale (IFRS 5), etc.
(3) Amount of equity and profit for the last financial year known at the balance sheet date and in accordance with the applicable financial reporting framework according to the country in question.

The companies excluded from the consolidation scope due to non-significant nature are as follows, with an indication of the portion of capital held by the Group, both directly and indirectly, for each:

Companies	Location (1)	Portion of capital held	Reason for exclusion from consolidation (2)
COFIBRED 8 SAS	France	100.00%	Non-significant entity
SCI ALCYONE 2014	France	100.00%	Non-significant entity
SCI LAGON LOCATION 1	France	99.95%	Non-significant entity
SNC DIDEROT FINANCEMENT 25	France	25.00%	Non-significant entity
PAKOUSI SNC	France	50.00%	Non-significant entity
COFIBRED 6	Switzerland	100.00%	Non-significant entity
Newton Immobilier	France	50.00%	Non-significant entity
I2F NC NOUMEA	New Caledonia	34.00%	Non-significant entity
BRD Cambodia	Cambodia	100.00%	Non-significant entity
BRD Laos	Laos	99.96%	Non-significant entity
EURL LABOURDONNAIS	France	100.00%	Non-significant entity
Iliade I	Belgium	99.84%	Non-significant entity
Bay Dvpt ltd	Vanuatu	50.00%	Non-significant entity
IRR INVEST US llc	United States	100.00%	Non-significant entity
IRR INVEST US LLC SHARES CLASS K2	United States	24.56%	Non-significant entity
IRR INVEST US LLC SHARES CLASS S2	United States	24.56%	Non-significant entity
ATLANTIQ	France	25.48%	Non-significant entity

(1) Operating country.
(2) Absence of control, joint control or significant influence (outside the scope or "HP"), not significant ("NS") post-employment benefit plan or long-term employee benefit plan excluded from the scope of IFRS 10 (Pers.), holding acquired for subsequent disposal in the short term classified as assets held for sale (IFRS 5), etc.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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Statutory auditors' «titre» report
on the consolidated financial statements

(Financial year ended «CLOTURE»)

To the General Assembly
BRED BANQUE POPULAIRE
18, quai de la Rapée
75012 PARIS

Opinion

In fulfilment of the assignment entrusted to us by your BRED BANQUE POPULAIRE general meeting, we performed the audit of the annual financial statements of the company BRED Banque Populaire for the financial year ended 31 December 2021, which are attached to this report.

In our opinion, the consolidated financial statements are free from material misstatement and give a true and fair view of the assets and liabilities and of the results of its operations for the year ended as well as the financial position and assets of the Group at the end of the financial year formed by the companies and other entities included within the consolidation scope, under IFRS as adopted by the European Union.

The opinion formulated above is consistent with the contents of our report to the Audit Committee.

Basis of the opinion

Audit frame of reference

We have performed our audit in accordance with French professional standards. We believe that the information we have gathered is sufficient and appropriate to provide a basis for our opinion.

The responsibilities that we have assumed in accordance with these standards are described in the section of this report entitled "Responsibilities of the Statutory Auditors regarding the audit of the consolidated financial statements".

Independence

We carried out our audit in accordance with the independence rules set out in the French Commercial Code and the Professional code of conduct for statutory auditors for the period from «debutexercice» 1 January 2021 to the date of issue of our report, and in particular, we have not provided any services prohibited by Article 5(1) of Regulation (EU) no. 537/2014.

Comments

Without calling into question the opinion expressed above, we draw your attention to the following changes in the accounting method:

- The application of the IFRIC IC decision on IAS 19 “Employee Benefits”, as described in Note 2.2 to the consolidated financial statements
- The change in the balance sheet presentation of interest-free loans in Note 5.5.3 to the consolidated financial statements.

Justification of our assessments - Key points of the audit

The global crisis linked to the COVID-19 pandemic creates special conditions for the preparation and audit of financial statements for this financial year. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have many consequences for companies, particularly on their business and financing, as well as increased uncertainty about their future prospects. Some of these measures, such as travel restrictions and working from home, have also had an impact on the internal organisation of companies and the way in which audits are implemented.

It is in this complex and evolving context that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code concerning the justification of our assessments, we would like to bring to your attention the key points of the audit with respect to the risks of material misstatement that, in our professional judgement, were the most important for the audit of the annual financial statements for the financial year, as well as our responses to these risks.

These assessments were made in the context of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on the elements of these consolidated financial statements taken individually.

Impairment of loans and receivables (items 1, 2 and 3)

Identified risk and principal judgements	Our response
Groupe BRED is exposed to credit risks. These risks, resulting from the inability of its clients or counterparties to meet their financial commitments, relate in particular to its client lending activities. In accordance with the "depreciation" section of IFRS 9, Groupe BRED records impairment provisions and other provisions to cover risks of losses that are expected (amounts in items 1 and 2) or demonstrated (amounts in item 3). The expected loss impairment rules require the constitution of a first impairment item materialising an expected loss at 1 year from the origination of a new financial asset; and a second item materialising an expected loss at maturity, in case of significant deterioration of the credit risk. The determination of these expected credit losses requires the exercise of judgement, especially in determining: ▪ the criteria for credit risk deterioration; ▪ expected loss measurements based on probabilities of default (PD) and loss given default (LGD); ▪ the methods for taking into account macroeconomic projections in both the deterioration criteria and the measurement of expected losses. These parameters are incorporated into various models developed by the BPCE group for each type of loan portfolio in order to determine the amount of expected credit losses that Groupe BRED Banque Populaire records in its consolidated financial statements. In view of the ongoing COVID-19 pandemic crisis, the methods of calculating impairment for expected credit losses have required a certain number of adaptations as specified in note 7.1.2. These impairments for expected losses are supplemented, where applicable, by allocations on a sectoral basis with regard to local specificities identified by Groupe BRED in the tourism and catering, aeronautics and specialised goods sectors, as well as counterparties located in the French West Indies. Outstanding loans bearing a proven counterparty risk (item 3) are subject to impairments determined mainly on an individual basis. Those impairments are valued by your Bank's management based on estimated recoverable future cash flows taking into account available collateral for each of the loans in question. We considered that the identification and assessment of credit risk was a key point in the audit given that the resulting provisions constitute a significant estimate for preparation of the accounts and require management's judgement, in attachment of the outstanding loans to the various items, in determining the parameters and methods for calculating impairments for outstanding loans in items 1 and 2 and in assessing the level of individual provisioning of outstanding loans in item 3. In particular, in the context of the ongoing COVID-19 pandemic crisis, we considered that the assessment of the adequacy of the level of coverage of credit risks by provisions and the level of the associated cost of risk constitute an area of particular focus for the 2021 financial year. *Impairment charges on outstanding client loans amounted to €956.5 million, of which €1,066 million was for item 1, €279 million for item 2 and €726.9 million for item 3.* *The cost of risk in 2021 amounted to -€161.6 million, vs. - €124.1 million at 31 December 2020. For more details on the accounting principles and exposures, see notes 5.5 and 7.1.* *The impacts of the COVID-19 crisis on credit risk are described in note 7.1.2.*	With regard to the provisions and impairment charges attached to cases in items 1 and 2: Our work mainly consisted of: ▪ ensuring the existence of an internal control system that allows the ratings of the various outstanding loans to be updated at an appropriate frequency; ▪ conducting a critical review of the work of Groupe BPCE's consolidation auditors who, in conjunction with their experts and specialists; - ensured the existence of a governance structure that reviews the adequacy of the impairment models and the parameters used to calculate impairment at an appropriate frequency, and analysed changes in impairment with respect to IFRS 9 rules; - assessed the appropriateness of the parameters used for the impairment calculations; - carried out counter-calculations on the principal credit portfolios; - carried out controls on the IT system as a whole implemented by Groupe BPCE, including a review of general IT controls, interfaces and controls embedded in specific data for processing information relating to IFRS 9; - carried out controls relating to (i) the adjustments made to the methods of calculating impairments for expected credit losses in the context of the continuing crisis linked to the COVID-19 pandemic and (ii) the tool made available by Groupe BPCE to assess the impact on expected credit losses of the application of sectoral impairments. In addition, we ensured that the sectoral provisions recognised by Groupe BRED were correctly documented and justified. In this respect, we (i) assessed the criteria used by Groupe BRED to identify the sectors of activity considered by the group to be more sensitive to the impact of the current economic and health context, (ii) assessed the appropriate level of the provisions thus estimated. ***Impairment of item 3 outstanding loans*** As part of our audit procedures, we generally examined the control system relating to the identification of exposures, monitoring of credit and counterparty risks, assessment of non-recovery risks and determination of related impairment charges and provisions on an individual basis. Our work consisted of assessing the quality of the monitoring system for sensitive, doubtful and disputed counterparties, the credit review process and the collateral valuation system. In addition, based on a sample of files selected according to materiality and risk criteria, we conducted joint analyses of the amounts of provisions. We also reviewed the information detailed in the notes required by IFRS 9 in respect of the impairment component at 31 December 2021.

Valuation of financial instruments

Identified risk and principal judgements	***Our response***
Valuation of shares in the central body, BPCE S.A.: Groupe BPCE is a cooperative group whose cooperative members own the two retail banking networks, comprising the 14 Banque Populaire banks and the 15 Caisses d'Epargne. Each of the two networks owns an equal share in BPCE, the Group's central body. The value of the shares in the central body, classified at fair value by non-recyclable OCI, was determined by calculating a revalued net asset value that includes the revaluation of BPCE's principal subsidiaries. Their valuation is based on discounted multi-year forecasts of expected dividend flows (DDM) determined from the business plans of the principal subsidiaries, with the exception of Natixis, which is valued on the basis of a multi-criteria approach that also takes into account the price of the market transaction in 2021. These valuations are based on technical parameters such as the discount rate, the long-term growth rate and the rate of return on equity. BPCE's revalued net assets also include the intangible assets held by BPCE, which are subject to a regular valuation exercise by an independent expert, as well as the central body's forecast structural expenses. This fair value is classified in level 3 of the hierarchy. We considered that the value of BPCE S.A. shares constitutes a key point of the audit due to the significance of this accounting estimate within your Bank's balance sheet and the judgements involved in the calibration of the parameters in your Bank's consolidated accounts. *The fair value of BPCE shares amounted to €999 m at 31 December 2021, as specified in Note 10.*	***Valuation of shares in the central body, BPCE S.A.:*** The valuation work on BPCE shares is carried out by the central body's valuation teams. As a result, the audit procedures required to validate this work are carried out at our request by the central body's auditors, whose conclusions we review for the purposes of our audit. Thus, upon receipt of the conclusions, we check the audit approach they have implemented and carry out a critical review of these conclusions. In carrying out the work, the central body's auditors draw on the expertise of the Valuation and Modelling teams in each firm. The work carried out consisted mainly of - an analysis of the relevance of the methodology used to value the principal subsidiaries; - obtaining and critically reviewing the subsidiaries' business plans and principal investments, particularly in an uncertain environment linked to the COVID-19 crisis, and analysing the rates of discount, growth and return on capital according to the profile of each entity; - a critical examination of the parameters and assumptions used to determine the components of structural costs and central treasury relating to the activity of the central body BPCE S.A. valued on the basis of forecast data; - a counter-calculation of the valuations; - the assessment of the absence of indications / factual elements likely to significantly call into question the valuation of intangible assets determined by an independent expert in 2020, whose report had been the subject of an examination and critical review during this previous exercise.

Identified risk and principal judgements	***Our response***
Valuation of Level 2 and 3 financial instruments within the meaning of IFRS 13: These securities or derivatives are financial assets or liabilities posted to the balance sheet at fair value. The revaluation of these financial statements on the balance sheet at the closing date is recognised in income or in shareholders' equity, depending on their accounting category. In addition, BRED Banque Populaire Group may be required to put in place hedging transactions using various financial instruments. We considered that the valuation of the derivatives as well as the valuation of the unlisted securities represented a key point of the audit given the importance of judgement in their valuation, which in particular concerns: • the use of internal valuation models, developed by BRED Banque Populaire or Groupe BPCE • the determination of valuation parameters that are not necessarily observable on the market for forward financial instruments or parameters based on discount rate or long-term growth rate for unlisted securities; • the consideration of financial trajectories; • the estimate of valuation adjustments that take into account counterparty or liquidity risks or activity-related risks, for example. • the performance of effectiveness tests on hedging relationships. *The procedures for determining the fair value of financial instruments are described in note 10 as well as note 10.1, which contains a breakdown of the fair value of assets and liabilities according to the complexity of the valuation models used.*	***Valuation of Level 2 and 3 financial instruments within the meaning of IFRS 13:*** We evaluated the processes and controls put in place by the Group to identify and value financial instruments, particularly the governance of valuation models and control of the results recorded on these transactions. In conjunction with our specialists in risk modelling and quantitative techniques, we: • performed independent valuations on a sample of derivatives and analysed any discrepancies; • analysed the internal identification and validation processes for the principal value adjustments applied to financial instruments and the evolutions of the same over time. Our work concerned in particular the governance and methodologies selected for market reserves and value adjustments, • analyses internal processes and procedures for documenting hedging relationships and conducts independent tests on a selection of hedging relationships.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law of the information given in the Group's management report «FJ_OC2».

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We certify that the statement of consolidated non-financial performance required by Article L. 225-102-1 of the French Commercial Code is included in the Group management report, it being specified that, in accordance with the provisions of Article L. 823-10 of said Code, the information contained in this statement was not subject to our verifications of fairness or consistency with the consolidated financial statements and must be the subject of a report by an independent third party.

Other checks or information required by laws and regulations

Designation of statutory auditors

We were appointed as auditors of the company «CLIENT» by your General Meeting of «NOMIN_OC1» 21 May 1999 for KPMG S.A. and on 23 May 1996 for PricewaterhouseCoopers Audit, taking into account the acquisitions or mergers of firms that have taken place since these dates.

As at 31 December 2021 «cloture», KPMG S.A. was in its 23rd year of continuous service and PricewaterhouseCoopers Audit in its 26th year.

Responsibilities of management and the persons responsible for corporate governance with respect to the consolidated financial statements

It is the management's responsibility to draft consolidated financial statements presenting a fair view in accordance with the IFRS framework as it is adopted in the European Union as well as to put the internal control system in place that it deems necessary for the preparation of consolidated financial statements that are free from all significant anomalies, whether they are the result of fraud or error.

When preparing the consolidated financial statements, it is the management's responsibility to evaluate the company's capacity to continue its operations, present the necessary information as applicable in said financial statements regarding operational continuity and apply the accounting convention of going concern, unless there are plans to liquidate the company or cease its activities.

It is the Audit Committee's responsibility to continue the process of preparing the financial information and monitoring the effectiveness of the internal control and risk management systems as well as the internal audit, as applicable, with respect to the procedures concerning the drafting and treatment of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors «FJ_OC2».

Responsibilities of the Statutory Auditors regarding the audit of the consolidated financial statements

Objective and procedure of the audit

It is our responsibility to draft a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements when considered as a whole do not contain significant anomalies. Such reasonable assurance corresponds to a high level of certainty, without, however, guaranteeing that an audit conducted in accordance with professional standards can systematically detect all material misstatements. Misstatements may result from fraud or errors and are considered significant when it can be reasonably expected that they may, either individually or cumulatively, impact the economic decisions that the users of the financial statements take on the basis thereof.

As made clear by Article L. 823-10-1 of the Commercial Code, our assignment to certify the financial statements does not amount to guaranteeing the viability or quality of the management of your company.

Statutory auditors exercise their professional judgement throughout any audit conducted in accordance with the professional standards applicable in France.
Furthermore:

- they identify and assess the risks that the consolidated financial statements contain significant anomalies, whether they are the result of fraud or error, define and implement audit procedures to address these risks and collect elements that they deem sufficient and appropriate to serve as a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than it is for material misstatements resulting from error because fraud may involve collusion, falsification, intentional omissions, false declarations or circumvention of the internal control process;

- they review the internal control process that is relevant for the audit in order to define the audit procedures that are appropriate under the circumstances and not for the purpose of expressing an opinion on the effectiveness of the internal control;

- they assess whether the accounting methods used are appropriate and whether the accounting estimates made by management are reasonable as well as the information concerning the same provided in the consolidated financial statements;

- they assess whether the management's application of the accounting convention of going concern is appropriate and, according to the elements collected, whether or not there is any significant uncertainty relative to events or circumstances that could undermine the company's ability to continue its operations. This assessment is based on the elements collected through the date of their report; however, it is understood that subsequent circumstances or events could jeopardise operational continuity. If they conclude that a significant uncertainty exists, they draw the attention of readers of their report to the information provided in the consolidated financial statements regarding this uncertainty or, if such information is not provided or is not relevant, they formulate a certification with reserve or a refusal to certify;

- they assess the overall presentation of the annual financial statements and evaluate whether the consolidated financial statements reflect the underlying transactions and events in such a way as to present a fair view;

- concerning the financial information of persons or entities falling within the scope of consolidation, they collect elements that they believe are sufficient and appropriate to express an opinion on the consolidated financial statements. They are 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 Audit Committee

We submit a report to the Audit Committee that presents, in particular, the scope of the audit work and the audit programme followed, as well as the conclusions of our work. We also make it aware of any significant weaknesses that we have identified in the internal control system, as applicable, with respect to the procedures concerning the drafting and treatment of accounting and financial information.

The elements communicated in the report to the Audit Committee include the risks of significant anomalies that we deem to be the most important for the audit of the consolidated financial statements for the financial year and which therefore represent key points of the audit, which we are responsible for describing in this report.

We also provide the Audit Committee with the statement provided for by Article 6 of Regulation (EU) no. 537-2014 confirming our independence pursuant to the rules applicable in France as established in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the professional code of conduct for statutory auditors. As applicable, we meet with the Audit Committee regarding any risks to our independence as well as the safeguards implemented.

Signed in Neuilly-sur-Seine and Paris La Défense, on 22 April 2021 «date_signature»

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG SA
Emmanuel BENOIST Associate	Ulrich SARFATI Associate

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Annual individual financial statements

INCOME STATEMENT

In thousands of euros

	Notes	2021 financial year	2020 financial year
Interest and similar income	**3.1**	1,217,321	874,792
Interest and similar expense	**3.1**	-573,241	-370,320
Income from finance leases and operating leases	**3.2**	0	0
Expense on finance leases and operating leases	**3.2**	0	0
Income from variable-income securities	**3.3**	42,412	48,715
Fee and commission income	**3.4**	510,259	462,856
Fee and commission expense	**3.4**	-113,154	-109,189
Gains or losses on trading securities	**3.5**	19,431	89,984
Gains or losses on available for sale securities and similar	**3.6**	18,280	14,569
Other operating banking income	**3.7**	28,483	23,093
Other operating banking expense	**3.7**	-48,674	-29,861
NET BANKING INCOME		**1,101,117**	**1,004,639**
Operating expenses	**3.8**	-626,869	-603,916
Depreciation, amortisation and impairment of non-current assets		-32,878	-36,986
GROSS OPERATING PROFIT		**441,371**	**363,737**
Cost of risk	**3.9**	-108,504	-79,446
OPERATING PROFIT		**332,866**	**284,291**
Gains or losses on non-current assets	**3.10**	-16,260	1,234
PRE-TAX PROFIT ON ORDINARY ACTIVITIES		**316,607**	**285,525**
Non-recurring income	**3.11**	0	0
Corporate profit tax	**3.12**	-92,703	-90,503
Allocations to and reversals from the fund for general banking risks and regulated provisions		0	-40,000
NET INCOME		**223,904**	**155,022**

BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

In thousands of euros

ASSETS	Notes	12/31/2021	12/31/2020
CASH AND BALANCES WITH CENTRAL BANKS		**324,587**	294,761
TREASURY BILLS AND SIMILAR SECURITIES	4.3	**13,319,147**	13,696,204
AMOUNTS DUE FROM CREDIT INSTITUTIONS	4.1	**11,439,332**	10,341,771
CUSTOMER TRANSACTIONS	4.2	**28,351,728**	25,731,172
BONDS AND OTHER FIXED-INCOME SECURITIES	4.3	**8,697,365**	6,167,148
SHARES AND OTHER VARIABLE-INCOME SECURITIES	4.3	**3,915,866**	3,829,858
EQUITY INTERESTS AND OTHER LONG-TERM INVESTMENTS	4.4	**1,067,407**	898,560
INVESTMENTS IN AFFILIATES	4.4	**1,082,545**	1,046,837
FINANCE AND OPERATING LEASES	4.5	**0**	0
INTANGIBLE ASSETS	4.6	**18,027**	20,611
TANGIBLE ASSETS	4.6	**211,999**	219,040
OTHER ASSETS	4.8	**2,864,590**	3,315,592
ACCRUALS AND DEFERRED INCOME	4.9	**1,583,623**	1,751,074
TOTAL ASSETS		**72,876,216**	**67,312,628**

OFF-BALANCE SHEET	Notes	12/31/2021	12/31/2020
Commitments given			
FINANCING COMMITMENTS	5.1	5,064,015	4,015,760
GUARANTEE COMMITMENTS	5.1	2,576,952	2,429,681
COMMITMENTS IN RESPECT OF SECURITIES		3,006,209	7,147,858

In thousands of euros

LIABILITIES	Notes	12/31/2021	12/31/2020
AMOUNTS DUE FROM CENTRAL BANKS		**0**	0
AMOUNTS DUE TO CREDIT INSTITUTIONS	**4.1**	**19,129,511**	14,296,570
CUSTOMER TRANSACTIONS	**4.2**	**36,705,532**	34,475,295
DEBT SECURITIES	**4.7**	**7,500,308**	9,101,962
OTHER LIABILITIES	**4.8**	**2,407,969**	2,655,443
ACCRUALS AND DEFERRED INCOME	**4.9**	**2,690,891**	2,693,757
PROVISIONS	**4.10**	**269,477**	240,629
SUBORDINATED DEBT	**4.11**	**2,368**	2,368
FUND FOR GENERAL BANKING RISKS (FGBR)	**4.12**	**212,908**	212,908
CAPITAL AND RESERVES (EXCLUDING FGBR)	**4.13**	**3,957,252**	3,633,696
Share capital		1,495,867	1,375,718
Share premium account		7,482	7,482
Reserves		2,112,514	1,982,205
Revaluation reserve		0	0
Regulated provisions and investment subsidies		3,269	3,269
Retained earnings		114,216	110,000
Net income for the year (+/-)		223,904	155,022
TOTAL LIABILITIES		**72,876,216**	**67,312,628**

OFF-BALANCE SHEET	Notes	12/31/2021	12/31/2020
Commitments received			
FINANCING COMMITMENTS	**5.1**	3,758,962	1,878,200
GUARANTEE COMMITMENTS	**5.1**	4,636,624	4,957,089
COMMITMENTS IN RESPECT OF SECURITIES		1,930,803	7,349,903

NOTE 1 - GENERAL BACKGROUND

1.1 - Significant events

Increase in the capital of BRED Banque Populaire

In August 2021, BRED Banque Populaire raised its share capital to €1,495,866,772.29 through a cash capital increase and the capitalisation of reserves.
Cash subscriptions amounted to €113,005,379.32. The incorporation of reserves was €7,143,585.35.
The share capital is divided into one hundred forty-two million eight hundred seventy-one thousand seven hundred seven (142,871,707) shares with a par value of ten euros and forty-seven cents (€10.47) each, fully paid up and all of the same category.

1.2 - Groupe BPCE and the guarantee mechanism

Groupe BPCE[1], of which BRED Banque Populaire is part, comprises the Banque Populaire network, the Caisse d'Epargne network, the BPCE central institution and its subsidiaries.

The two Banque Populaire and Caisse d'Epargne networks

Groupe BPCE is a cooperative group whose cooperative members own the two retail banking networks, comprising the 14 Banque Populaire banks and the 15 Caisses d'Epargne. Each of the two networks owns an equal share in BPCE, the Group's central institution.

The Banque Populaire network consists of the Banque Populaire banks and the mutual guarantee companies granting them the exclusive benefit of their guarantees.

The Caisse d'Epargne network consists of the Caisses d'Epargne and the local savings companies.

The Banque Populaire banks are wholly owned by their cooperative members.

The capital of the Caisses d'Epargne is wholly owned by the local savings companies. The local savings companies are cooperative structures with an open-ended share capital owned by the cooperative members. They are tasked with coordinating the cooperative shareholder base, in line with the general objectives defined by the individual Caisse d'Epargne to which they are affiliated, and they cannot perform banking transactions.

BPCE

BPCE, a central institution as defined by French banking law and a credit institution approved to operate as a bank, was created pursuant to Law no. 2009-715 of 18 June 2009. BPCE was incorporated as a société anonyme with a management board and a supervisory board, whose share capital is owned jointly and equally by the 15 Caisses d'Epargne and 14 Banque Populaire banks.

BPCE's missions are closely linked to the cooperative principles of the Banques Populaires and the Caisses d'Epargne.

Specifically, BPCE represents the interests of its various affiliates in dealings with the supervisory authorities, defines the range of products and services that they offer, organises depositor protection, approves key management appointments and oversees the smooth functioning of the Group's institutions.

As a holding company, BPCE is the head entity of the Group. It owns the subsidiaries common to both networks in local banking and insurance, corporate banking and financial services, and their production entities. It also defines the Group's corporate strategy and growth policy.

[1] The establishment is included in the consolidated financial statements of Groupe BPCE. These financial statements are available at the central institution, BPCE SA, as well as on BPCE's institutional website.

The network and BPCE's main subsidiaries are arranged into two major divisions:

- Retail Banking and Insurance, including the Banque Populaire network, the Caisse d'Epargne network, the Solutions & Financial Expertise division (including factoring, consumer credit, leasing, sureties & financial guarantees and the Retail Securities business), the Payments and Insurance divisions of Natixis and the Other Networks (mainly Banque Palatine);
- Global Financial Services combining asset and wealth management (Natixis Investment Managers and Natixis Wealth Management) and Corporate & Investment Banking (Natixis Corporate & Investment Banking).

In respect of the Group's financial functions, BPCE is also responsible, in particular, for the centralised management of surplus funds, for the execution of any financial transactions required to develop and refinance the Group and for choosing the best counterparty for these transactions in the interests of the Group. It also provides banking services to other group entities.

Guarantee mechanism

As provided for in Articles L. 511-31, L. 512-107-5 and L. 512-107-6 of the French Monetary and Financial Code, the purpose of the guarantee and shared support mechanism is to ensure the liquidity and capital adequacy of Groupe BPCE and its affiliates and to organise the mutual financial support that binds them.

BPCE is responsible for taking all measures necessary to guarantee the capital adequacy of the Group and of each of the networks, including implementing the appropriate internal financing mechanisms within the Group and establishing a mutual guarantee fund common to both networks, for which it determines the working rules, the conditions for the provision of financial support to supplement that of the two networks' existing funds, as well as the contributions of affiliates to the fund's initial capital and reconstitution.

BPCE therefore manages the Banque Populaire Network Fund and the Caisse d'Epargne Network Fund and has put in place the Mutual Guarantee Fund.

The **Banques Populaires Network Fund** consists of a deposit of €450 million by the banks in the books of BPCE in the form of an indefinitely renewable 10-year term deposit.

The **Caisse d'Epargne Network Fund** consists of a deposit of €450 million by the Caisses d'Epargne in the books of BPCE in the form of an indefinitely renewable 10-year term deposit.

The **Mutual Guarantee Fund** consists of deposits made by the Banques Populaires and Caisses d'Epargne in the books of BPCE in the form of indefinitely renewable ten-year term deposits. The amount of deposits per network is €172 million at 31 December 2021.

The total amount of deposits made with BPCE in respect of the Banque Populaire Network Fund, the Caisse d'Epargne Network Fund and the Mutual Guarantee Fund may not be less than 0.15% or more than 0.3% of the Group's total risk-weighted assets.

In the entities' individual financial statements, deposits made under the guarantee and shared support mechanism are recognised in equity under a separate heading.

Mutual guarantee companies (sociétés de caution mutuelle) whose sole corporate purpose is to guarantee loans issued by Banque Populaire banks, are covered by the liquidity and solvency adequacy guarantee in their capacity as affiliates of the central institution.

The liquidity and capital adequacy of the local savings companies are guaranteed in respect of each savings company by the Caisse d'Epargne of which the savings company in question is the shareholder.

BPCE's Management Board has full powers to mobilise the resources of the various contributors without notice and in the agreed order, based on the prior authorisations given to BPCE by said contributors.

1.3 - Events after the end of the reporting period

There are no events after the end of the reporting period.

NOTE 2 - ACCOUNTING POLICIES AND GENERAL PRINCIPLES

2.1 - Valuation methods, presentation of individual financial statements and balance sheet date

BRED Banque Populaire's company financial statements are prepared and presented in accordance with the rules set by BPCE and in compliance with Regulation no. 2014-07 of the French Accounting Standards Authority (Autorité des Normes Comptables– ANC).

The annual individual financial statements for the financial year ended 31 December 2021 were approved by the Board of Directors on 14 February 2022. They will be submitted for the approval of the General Meeting of 31 May 2022.

The amounts presented in the financial statements and in the notes thereto are expressed in thousands of euros, unless otherwise stated. Rounding effects may potentially generate differences between the amounts presented in the financial statements and those presented in the accompanying notes.

2.2 - Changes in accounting methods

On 5 November 2021, the ANC amended its Recommendation no. 2013-02 on the rules for measuring and recognising pension commitments and similar benefits. This text introduces a choice of method for the allocation of benefit entitlements for defined-benefit plans, under which the granting of a benefit is contingent upon length of service, a capped maximum amount and the condition that the beneficiary is present at the company when he or she reaches the retirement age. This mainly concerns end-of-career awards.

BRED Banque Populaire applied this text in advance for the fiscal year ended 31 December 2021. The method used allocates benefits from the date on which each year of service counts towards the accrual of benefits. This change amounts to a change in accounting policy, resulting in a decrease in provisions of €4,216 million in 2021 with an offsetting entry in equity (retained earnings).

The comparative information presented in respect of fiscal year 2020 has not been restated for these effects but is specifically mentioned in a comment under the tables.

The other texts adopted by the ANC with mandatory application in 2021 have had no significant impact on the institution's individual accounts.

The institution has not elected for early adoption of standards adopted by the ANC where this decision is optional, unless so stated specifically.

2.3 - General accounting principles

The financial statements are presented in the same form as the previous year's statements. The general accounting principles were applied in observance of the prudence concept, in accordance with the following basic assumptions:

- Operational continuity;
- Consistency of accounting methods from one period to the next;
- Independent financial years;
- Compliance with the general principles for the preparation and presentation of individual company financial statements.

The basic method for valuing accounting entries is the historical cost method and all balance sheet items are presented, as appropriate, net of amortisation, depreciation, impairment, provisions and value adjustments.

The specific accounting principles are presented in the separate notes to which they relate.

2.4 - Main contributions to banking resolution schemes

The deposit and resolution guarantee fund methods were amended by an Order of 27 October 2015.

For guarantee funds for the deposits, guarantees and securities mechanisms, the total amount of contributions paid amounted to €50.2 million. Cumulative non-reimbursable contributions in the event of voluntary licence withdrawal amounted to €11.6 million. Contributions paid in the form of associate or association certificates and cash guarantee deposits recorded on the assets side of the balance sheet stood at €38.6 million.

The Resolution Fund was established in 2015 pursuant to the Bank Recovery and Resolution Directive (BRRD) 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms and Regulation (EU) no. 806/2014 (the SRM Regulation). From 2016, it became a Single Resolution Fund (SRF) created by the Member States party to the Single Supervision Mechanism (SSM). The SRF is a funding mechanism available to the resolution authority (Single Resolution Board) dedicated to the implementation of resolution procedures.

Pursuant to Delegated Regulation 2015/63 and implementing regulation 2015/81, supplementing the BRRD directive with regard to ex-ante contributions to resolution financing arrangements, the Single Resolution Board has determined the contributions to the single resolution fund for the year 2021. The amount of contributions paid stands at €32.4 million for the financial year, of which €27.5 million was recognised as an expense and €4.9 million took the form of cash guarantee deposits recorded on the assets side of the balance sheet (15% of calls for funds set up in the form of cash guarantee deposits). The accumulation of contributions recorded on the assets side of the balance sheet amounted to €21 million at 31 December 2021.

NOTE 3 - INFORMATION ON THE INCOME STATEMENT

3.1 - Interest and similar income and expenses

Accounting policies

Interest and commissions in the nature of interest are recognised in profit or loss on a pro rata temporis basis.

Negative interest is presented as follows:

- Negative interest on an asset is recorded as an interest expense in NBI;
- Negative interest on a liability is presented as interest income in NBI.

Commissions and fees relating to granting or acquiring a loan are treated as additional interest and amortised over the effective life of the loan, proportionally to the outstanding principal.

Income from bonds and negotiable debt instruments is recognised for the portion accrued in the period. The same applies to undated deeply subordinated notes that qualify as Tier 1 regulatory capital instruments. BRED Banque Populaire considers such income as interest.

	2021 financial year			2020 financial year		
In thousands of euros	Income	Expenses	**Net**	Income	Expenses	Net
Interbank transactions*	193,135	-90,308	**102,827**	184,738	-97,362	87,376
Customer transactions	449,265	-75,877	**373,388**	433,837	-91,528	342,309
Bonds and other fixed income securities	572,099	-407,056	**165,043**	254,343	-181,430	72,913
Subordinated debt	2,822	0	**2,822**	1,874	0	1,874
Other						
Total	**1,217,321**	**-573,241**	**644,080**	874,792	-370,320	504,472

* Of which €7.3 million as operating expenses and €75.28 million as income on macro-hedging transactions.

Interest income on interbank transactions includes interest earned on Livret A and LDD passbook deposits centralised at Caisse des Dépôts et Consignations and on LEP deposits.

The allocation to the provision for home ownership savings amounted to €2.247 million for the 2021 financial year, compared with a charge of €1.658 million for the 2020 financial year.

3.2 - Income and expense from finance lease and operating lease transactions

Not applicable.

3.3 - Income from variable-income securities

Accounting policies

Income from variable-income securities includes dividends and other income from shares and other variable-income securities, equity interests, other long-term securities and shares in affiliated companies.

Dividends are recognised as soon as their payment has been decided by the competent body.

In thousands of euros	2021 financial year	2020 financial year
Shares and other variable-income securities	6,280	3,430
Equity interests and other long-term investments		
Investments in affiliates	36,132	45,286
TOTAL	**42,412**	**48,715**

3.4 - Fees and commissions

Accounting policies

Commissions similar by nature to interest are recognised in interest, income and similar expenses (note 3.1).

Other fees and commissions are recognised in profit or loss according to the nature of the service rendered:

- Fees and commissions remunerating a one-off service are recorded as soon as the service has been rendered;
- Fees and commissions remunerating a continuous service or a discontinuous service provided in successive stages over a period of time are recognised as and when the service is rendered.

	2021 financial year			2020 financial year		
In thousands of euros	Income	Expenses	Net	Income	Expenses	Net
Cash and interbank transactions	8,479	-359	**8,120**	7,395	-506	6,889
Customer transactions	148,054	0	**148,054**	133,497	0	133,497
Securities transactions	13,771	0	**13,771**	13,086	0	13,086
Payment services	200,316	-92,855	**107,461**	184,727	-85,624	99,103
Gains on currency transactions	786	-118	**668**	748	-141	607
Off-balance sheet commitments	37,680	-6,377	**31,303**	30,953	-11,272	19,681
Financial services	95,085	-13,445	**81,640**	86,584	-11,646	74,938
Advisory services						
Other	6,088	0	**6,088**	5,866	0	5,866
Total	**510,259**	**-113,154**	**397,105**	462,856	-109,189	353,667

3.5 - Gains or losses on trading securities

Accounting policies

Gains or losses on trading securities include:

- Gains or losses on balance sheet and off-balance sheet transactions on trading securities;
- Realised gains or losses on forward foreign exchange transactions resulting from purchases and sales of foreign currencies and the periodic valuation of foreign exchange transactions and precious metals;
- Gains or losses arising from transactions in financial futures instruments, including interest rates, exchange rates and stock market indices, whether such instruments are firm or conditional, including trading book hedging transactions.

In thousands of euros	2021 financial year	2020 financial year
Trading securities	**908,760**	-47,000
Gains on currency transactions	**69,582**	126,988
Forward financial instruments	**-958,911**	9,996
Total	**19,431**	89,984

The change in result under the various assets items is relating to the trading room strategy, which adapts to the market.

3.6 - Gains/losses on available-for-sale portfolios and equivalent

Accounting policies

This item corresponds to the gains or losses from transactions involving available-for-sale securities and portfolio securities, resulting from the difference between reversals of provisions and disposal gains and allocations to provisions and disposal losses.

	2021 financial year			2020 financial year		
In thousands of euros	Available for sale securities	Portfolio securities	Total	Available for sale securities	Portfolio securities	Total
Impairment	**-2,982**		**-2,982**	**-15,175**		**-15,175**
Provisions made	*-12,386*		*-12,386*	*-27,550*		*-27,550*
Provisions written back	*9,405*		*9,405*	*12,375*		*12,375*
Gains on disposal	**21,262**		**21,262**	**29,745**		**29,745**
Other items						
Total	**18,280**		**18,280**	**14,569**		**14,569**

3.7 - Other banking operating income and expenses

Accounting policies

Other banking operating income and expenses include, among other things, the share of transactions carried out jointly, the reinvoicing of banking expenses and revenues, the income and expenses of real-estate transactions and provision of IT services.

Also included in this item are expenses and income from finance and/or operating lease activities not carried out on a principal basis and whose fixed assets are included in assets under tangible capital assets.

These income and expenses include, but are not limited to:

- Rents and disposal capital gains and losses relating to fixed assets leased or leased with call option or under an operating lease;
- Allowances and recoveries relating to impairments, losses on bad debt and recoveries on amortised debts relating to the fraction of doubtful rents whose impairment is mandatory, as well as those relating to compensation for termination of agreements;
- Depreciation charges for the assets concerned.

In thousands of euros	Income	Expenses	Total	Income	Expenses	Total
Share in joint operations	9,746	0	**9,746**	9,122	0	9,122
Rebilling of banking income and expense	1,174	-18,136	**-16,962**	3,310	-22,072	-18,762
Property business						
IT services						
Other activities	9,187	-8,523	**664**	80	0	80
Other related income and expenses (1)	8,376	-22,015	**-13,639**	10,581	-7,789	2,792
Total	**28,483**	**-48,674**	**-20,191**	23,093	-29,861	-6,768

(1) Income of €4.9 million recorded under "Income from other activities" in respect of the Cheque Image Exchange fine following the favourable decision issued by the Court of Appeal on 2 December 2021. Given the uncertainty and history of the case (see Legal Risks in the Risk Management section), a provision for an equivalent amount was booked as an offset under "Expenses from other activities".

Rebilling of banking income and expense:

As of 2021, rebilling of “central institution” activities (listed in the French Monetary and Financial Code) is presented under NBI and the rebilling of Group assignments remains presented under management fees. The amount of NBI contributions amounted to €18.1 million in 2021 and the amount of contributions to operating expenses amounted to €25.7 million in 2021 versus €39.6 million in 2020.

3.8 - Operating expenses

Accounting policies

General operating expenses include personnel costs including wages and salaries, employee mandatory and discretionary profit-sharing, social security contributions, taxes and levies relating to personnel costs. Other administrative expenses such as other taxes and levies and remuneration for external services are also recorded.

In thousands of euros	**2021 financial year**	2020 financial year
Personnel costs		
Wages and salaries	-207,144	-201,633
Pension costs and similar obligations (1)	-48,283	-44,555
Other social security charges	-65,543	-60,984
Employee incentive scheme(s)	-19,204	-17,583
Employee profit-sharing scheme(s)	-45,048	-30,930
Payroll taxes and charges	-29,710	-27,694
Total personnel costs	**-414,932**	**-383,379**
Other operating expenses		
Taxes and duties	-19,842	-19,549
Other general operating expenses (2)	-192,095	-200,988
Total other operating expenses	**-211,937**	**-220,537**
Total	**-626,869**	**-603,916**

(1) The change in accounting method for the distribution of benefits introduced by the amendment of ANC Recommendation no. 2013-02 would have resulted in the recognition of -€60,000 in respect of 2020.
(2) The change in other operating expenses includes a decrease of €3.1 million in 2021 due to the reclassification of recovery costs on doubtful loans (S3) under the Cost of credit risk heading.

Below is the average active workforce during the period, broken down by occupational category: 1,947 management staff and 1,544 non-management staff, making a total of 3,491 employees.

As a reminder, since 2020, the rebilling of “central institution” activities (listed in the French Monetary and Financial Code) paid to BPCE is now presented under NBI and the rebilling of Group assignments paid by BPCE remains under management fees.

The CICE tax credit (Crédit d’Impôt pour la Compétitivité et l’Emploi) is deducted from payroll costs. It stood at €0.067 million in 2021.

3.9 - Cost of risk

Accounting policies

The cost of risk item only includes the cost of credit risk (or counterparty risk). Credit risk is the existence of a potential loss linked to a possibility of default by the counterparty on the commitments that it has taken out. Counterparty refers to any legal entity that is the beneficiary of a loan or a signed commitment, part of a forward financial instrument or issuer of a debt security.

The cost of credit risk shall be assessed when the claim is qualified as doubtful, i.e. when the risk is proven once it is likely that the institution will not receive all or part of the sums due in respect of the commitments entered into by the counterparty in accordance with the initial contractual provisions, notwithstanding the existence of collateral or surety.

Credit risk is also assessed when the credit risk is identified, on outstandings that are not doubtful but present a significant increase in credit risk since initial recognition (see notes 4.1 and 4.2.1).

The cost of credit risk therefore consists of all allocations and reversals of impairment charges on receivables from customers, credit institutions, fixed income securities (in the event of proven default risk of the issuer), provisions on off-balance sheet commitments (excluding off-balance sheet financial instruments) as well as losses on bad debts and recoveries on amortised receivables.

However, allowances and reversals of provisions, losses on unrecoverable debts or recoveries of amortised debts relating to interest on doubtful debts, subject to mandatory provisioning, are posted in the Interest and Similar Income and Other Banking Operating Income items of the income statement. In the case of trading securities, available-for-sale securities, portfolio activity and financial futures securities, the counterparty risk cost is recognised directly in the items recording the gains and losses on those portfolios, except in the case of a proven default risk of the counterparty, where this component can be effectively isolated and where the movements in provisions on counterparty risk are then recorded under the Cost of Risk item.

	2021 financial year					2020 financial year				
In thousands of euros	Provisions made	Provisions reversed	Losses not covered by provisions (1)	Recoveries of bad debts written off	**Total**	Provisions made	Provisions reversed	Losses not covered by provisions	Recoveries of bad debts written off	**Total**
Impairment of assets										
Interbank	0	0	0	0	**0**	0	0	0	0	**0**
Customers	-120,131	43,246	-2,988	1,281	**-78,592**	-123,628	86,859	-3,858	1,118	**-39,509**
Securities portfolio and other receivables	-121	-1,404	0	0	**-1,525**	-548	-171	0	0	**-719**
Provisions										
Off-balance sheet commitments	-6,034	1,514			**-4,520**	-6,162	1,095			**-5,067**
Provisions for customer risks	-37,003	13,193			**-23,810**	-41,152	6,401			**-34,751**
Other	-57	0			**-57**	0	600			**600**
Total	**-163,346**	**56,549**	**-2,988**	**1,281**	**-108,504**	**-171,490**	**94,784**	**-3,858**	**1,118**	**-79,446**

	2021	2020
of which:		
- reversals of obsolete impairment charges	56,549	94,784
- reversals of utilised impairment charges	33,303	32,903
Provisions reversed	89,852	127,687
- losses covered by provisions	-33,303	-32,903
Provisions reversed net	**56,549**	**94,784**

(1) The change in irrecoverable loans includes an increase of €3.1 million in 2021 due to the reclassification of recovery costs on doubtful loans (S3) from Operating expenses to Cost of credit risk.

3.10 - Gains or losses on non-current assets

Accounting policies

Gains or losses on non-current assets include:

- Gains or losses on disposals of tangible and intangible assets allocated to operation of the institution, arising from the difference between capital gains and losses on disposal and reversals and allocations to provisions;
- Gains or losses on transactions in equity securities, on other long-term securities, on units in affiliates and held-to-maturity securities, arising from the difference between reversals of provisions and disposal gains and allocations to provisions and disposal losses.

In thousands of euros	2021 financial year				2020 financial year			
	Equity interests and other long-term investments	Held to maturity securities	Tangible and intangible assets	Total	Equity interests and other long-term investments	Held to maturity securities	Tangible and intangible assets	Total
Impairment	**0**	**0**		**0**	**0**	**0**		**0**
Provisions made	0	0		0	-847	0		-847
Provisions written back	0	0		0	846	0		846
Gains on disposal	**0**	0	**-12,972**	**-12,972**	**-844**	**0**	**2,078**	**1,234**
Total	**0**	**0**	**-12,972**	**-12,972**	**-844**	**0**	**2,078**	**1,234**

In 2021: As part of a tax optimisation operation, the liquidation of Marquise Investissement generated a capital loss of 12.345 million out of the -12.972 million realised in total. This loss was offset by a reversal of the provision for income tax.

3.11 - Non-recurring items

Accounting policies

This item only includes pre-tax income and expenses, which are generated or occur exceptionally and which are not part of the institution's day-to-day activity.

No exceptional item was recorded in 2021.

3.12 - Income tax

Accounting policies

Since the 2009 financial year, the Caisse d'Epargne and the Banque Populaire networks have decided to benefit from the provisions of Article 91 of the amended French Finance Act for 2008, which extended the tax consolidation regime to mutual banking networks. This option is modelled on the tax consolidation mechanism open to mutual insurers and takes into account consolidation criteria not based on ownership interest (the usual criterion being ownership of more than 95% of the capital).

BRED Banque Populaire, has signed a tax consolidation agreement with its parent company under which BRED Banque Populaire recognises the tax liability that would have been recognised had it not formed part of a mutual bank tax group.

The tax charge for the financial year corresponds to the corporation tax due in respect of the period ended.

It also includes allowances/reversals of tax provisions on tax financing and taxes recorded in advance for tax credits received for the remuneration of interest-free loans.

3.12.1 - Breakdown of income tax in respect of the 2021 financial year

BRED Banque Populaire is a member of the BPCE tax group.

Income tax paid to the head company of the tax group, which is broken down between tax on current income and tax on non-recurring income, was as follows:

In thousands of euros

Tax bases at the following rates	27.50%	19.00%	15.00%	Total
Tax on current income	334,796	0	0	
Tax on non-recurring income				
	334,796	0	0	
Tax losses brought forward				
Tax bases	334,796	0	0	
Corresponding tax	92,069	0	0	92,069
Additional contribution assessed at 3.3%				3,013
Deductions in respect of tax credits				-9,315
Tax recognised				**85,767**
Overseas territories tax				231
Corporate tax provisions for subsidiaries integrated under BRED Group				-2,579
Foreign tax credits				8,331
Provisions for tax and other				953
TOTAL				**92,703**

Most of the provision for taxes and miscellaneous expenses is associated with a deferred tax provision relating to the tax optimisation operations, which are recorded prudently in the accounts as the transactions occur.

3.13 - Change in fund for general banking risks

The fund for general banking risks amounted to €88 million at 31 December 2021.

NOTE 4 - INFORMATION ON THE BALANCE SHEET

Unless indicated otherwise, amounts reported in the notes to the balance sheet are stated net of amortisation, depreciation and impairment.

Some of the information relating to credit risk required under ANC Regulation no. 2014-07 is presented in the risk management report. This information forms part of the financial statements certified by the Statutory Auditors.

4.1 - Interbank transactions

Accounting policies

Amounts due from credit institutions cover all receivables in connection with banking transactions with the exception of those represented by a security. They also include securities received under repurchase agreements, regardless of the type of underlying, and receivables relating to securities repurchase agreements. They are broken down between demand receivables and term receivables. Amounts due from credit institutions are recorded in the balance sheet at their nominal value, or at their acquisition cost for buybacks of receivables, plus interest accrued but not yet due and net of any impairment charges recognised for credit risk.

Amounts due to credit institutions are classified by initial duration (demand or term) and amounts due to customers are classified by type (regulated savings accounts and other customer deposits). Depending on the counterparty involved, these items include securities and other assets sold under repurchase agreements. Accrued interest is recorded under related liabilities.

Guarantees received are recorded in the accounts as an off-balance sheet item. They are re-measured on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the outstanding amount of the loan.

Restructured loans

Within the meaning of ANC Regulation No. 2014-07, restructured loans are doubtful loans and receivables whose initial contractual characteristics (term, interest rate) have been modified to enable the counterparties to repay the amounts due.

When a loan is restructured, a discount is applied to reflect the difference between the present value of the expected contractual cash flows at inception and the present value of the expected principal and interest repayments after restructuring. The discount rate used is the original effective interest rate for fixed-rate loans and the last effective rate prior to restructuring in the case of variable-rate loans. The effective rate corresponds to the contractual rate. This discount is recognised, in cost of risk, in the income statement and offset against the corresponding outstanding on the balance sheet. It is written back to net interest income in the income statement using an actuarial method over the term of the loan.

A restructured loan may be reclassified as a performing loan subject to compliance with the new repayment schedule. If a loan that has already undergone a first restructuring becomes past due again, the loan is reclassified as doubtful, regardless of the restructuring terms and conditions.

Non-performing loans and receivables

Non-performing loans and receivables consist of all outstanding amounts, whether due or not yet due, guaranteed or otherwise, where at least one commitment made by the debtor presents a known credit risk, identified as such on an individual basis. A risk is considered to be “known” when it is probable that the institution will not collect all or part of the sums owed under the terms of the commitments made by the counterparty, notwithstanding any guarantees or collateral.

Notwithstanding ANC regulation no. 2014-07, the classification as non-performing debt takes place in particular in the case of receivables unpaid for more than three months and more than six months for receivables from local authorities in harmonisation with the default events defined in Article 178 of Regulation (EU) no. 575/2013 of 26 June 2013 concerning prudential requirements applicable to credit institutions and the EBA guidelines (EBA/GL/2016/07) on the application of the definition of default and Delegated Regulation no. 2018/1845 of the European Central Bank on the threshold for assessing the materiality of credit obligations past due, applicable no later than 31 December 2020. The definition of loan default is therefore specified by the introduction of a relative threshold and an absolute threshold to be applied to past due payments to identify situations of default, clarification of the criteria for loans returning to being healthy with the imposition of a probationary period and the introduction of explicit criteria for classifying restructured loans as being in default.

Non-performing loans are considered to be irrecoverable when the likelihood of full or partial collection has deteriorated strongly and a write-off is considered. Loans and receivables whose terms have lapsed, terminated finance lease agreements and perpetual loans which have been rescinded are considered irrecoverable non-performing. The existence of guarantees covering nearly all risks, along with the outlook for the non-performing loan, must be taken into consideration in order to qualify a non- performing loan as irrecoverable and to assess the associated impairment provision. A debt that has been classified as non-performing for more than one year is assumed to be irrecoverable, unless a write-off is not being considered. Reclassification of a debt from non-performing to irrecoverable does not automatically entail the reclassification to irrecoverable of the counterparty’s other non-performing loans and commitments.

For non-performing loans, interest accrued and/or due but not received is recognised in income from banking operations and impaired accordingly. For irrecoverable loans and receivables, accrued interest due but not received is not recognised.

More generally, non-performing loans and receivables are reclassified as performing once the debtor resumes regular payments in accordance with the contractual repayment schedule, and if the counterparty is no longer considered to be at risk of default.

Repurchase agreements

Transactions under repurchase agreements are recognised in accordance with ANC Regulation no. 2014-07 supplemented by Instruction no. 94-06, as amended, issued by the French Banking Commission.

The assets transferred under repurchase agreements are maintained on the balance sheet of the assignor, which records the amount collected under liabilities, representing its debt vis-à-vis the assignee. The assignee records the amount paid under assets, representing the amount due to the assignor. At each balance sheet date, the assets transferred, as well as the debt vis-à-vis the assignee or the amount due to the assignor, are valued according to the specific rules applicable to each of these transactions.

Impairment

Loans whose recovery is doubtful result in recognition of an impairment charge against the asset to cover the risk of loss. Impairment charges are calculated on a case-by-case basis, taking into account the present value of guarantees received. Impairment charges are determined on at least a quarterly basis and are calculated with reference to a risk analysis and to the available collateral. At the very least, the impairment charge covers unpaid interest in respect of non-performing loans.

Impairment for known probable losses includes all forecast impairment charges, calculated as the difference between the outstanding principal and the forecast cash flows discounted at the effective interest rate. Forecast cash flows are determined by categories of loans and receivables on the basis of loss experience and/or expert appraisal, and are then placed over time on the basis of repayment schedules by reference to collection experience.

Allocations to and reversals of impairment charges recorded for the risk of non-recovery are reported under “Cost of risk”, except for impairment charges relating to interest on non-performing loans, which along with the impaired interest, is recorded under “Interest and similar income/expense”.

Reversals of impairment charges linked solely to the passing of time are recorded under “Interest and similar income/expense”.

When credit risk is identified on loans that are not doubtful but present a significant increase in credit risk since their first recognition, it is assessed on the basis of expected credit losses over their residual lifetime. This credit risk is recognised under liabilities in the form of a provision. Since 1st January 2018, the valuation methods for these non-doubtful outstandings have been aligned with those of IFRS 9 of Stage 2 (S2) used for the consolidated financial statements.

Irrecoverable loans and receivables are written off as losses and the corresponding impairment allowances are reversed.

In thousands of euros

ASSETS	12/31/2021	12/31/2020
Receivable on demand	**3,576,543**	4,722,242
Current accounts	*3,576,543*	*4,722,242*
Overnight loans and advances	*0*	*0*
Securities purchased under overnight repurchase agreements	*0*	*0*
Non-allocated items	**571**	674
Receivable at term	**7,849,200**	5,606,015
Term loans and advances	*6,073,811*	*2,823,794*
Subordinated loans and participating loans	*0*	*0*
Securities purchased under term repurchase agreements	*1,775,389*	*2,782,221*
Accrued interest	**13,018**	12,840
Non-performing loans and receivables	**1**	1
o/w irrecoverable non-performing loans	*1*	*1*
Impairment of interbank loans and receivables	**-1**	-1
o/w impairment of irrecoverable non-performing loans	*-1*	*-1*
TOTAL	**11,439,332**	**10,341,771**

Receivables arising from transactions with the network amounted to €3,441.6 million in demand loans and advances and €4,208.8 million in term loans and advances.

The centralisation of "Livret A" passbook and LDD deposits at the Caisse des Dépôts et Consignations amounted to €1,465.15 million at 31 December 2021 versus €1,367.44 million at 31 December 2020, which is deducted from liabilities in note 4.2.

No amounts were due from credit institutions eligible for refinancing by the central bank of the country or countries in which the institution operates or the European Central Bank system at 31 December 2021.

In thousands of euros

LIABILITIES	12/31/2021	12/31/2020
Payable on demand	**1,058,404**	1,465,476
Credit balances on ordinary accounts	*889,620*	*692,653*
Overnight loans and advances	*168,784*	*772,823*
Securities sold under overnight repurchase agreements	*0*	*0*
Other amounts due	**14,017**	15,148
Payable at term	**18,093,724**	12,830,479
Term deposits and loans	*17,129,293*	*12,282,763*
Securities sold under term repurchase agreements	*964,430*	*547,716*
Accrued interest	**-36,634**	-14,532
TOTAL	**19,129,511**	**14,296,570**

Liabilities arising from transactions with the network amounted to €11.1 million in demand loans and advances and €7,627.6 million in term loans and advances.

4.2 - Customer transactions

4.2.1 - Customer transactions

Accounting policies

Amounts due from customers include loans to entities other than credit institutions, with the exception of debt securities issued by customers, securities received under repurchase agreements and receivables relating to securities repurchase agreements. They are broken down between commercial receivables, customer accounts in debit and other loans to customers. Loans to customers are recorded in the balance sheet at their nominal value, with the exception of buybacks of receivables, which are recorded at cost, plus interest accrued but not yet due and net of any impairment charges recognised for credit risk. Commissions and marginal transaction costs spread over time are included in the loan.

Guarantees received are recorded in the accounts as an off-balance sheet item. They are re-measured on a regular basis. The total carrying amount of all guarantees received for a single loan is limited to the outstanding amount of the loan.

Government-backed loans

Government-backed loans (PGE - Prêts Garantis par l'État) are a support measure established pursuant to Article 6 of Act no. 2020-289 of 23 March 2020 amending the 2020 Finance Act and the Minister of Economy and Finance's decree of 23 March 2020 granting a government guarantee to credit institutions and financing companies from 16 March 2020 in order to meet the cash flow requirements of companies affected by the Covid-19 health crisis. The measure was extended until 30 June 2022 by Law no. 2021-1900 of 30 December 2021 on 2022 finances. PGEs must meet the eligibility criteria common to all institutions distributing these loans defined by law.

PGEs are one-year cash loans with deferred repayment terms over this period. Beneficiary companies can decide, at the end of the first year, to amortise the PGE over a period of one to five additional years or to start paying off the capital only from the second year of the amortisation period by paying only the interest and the cost of the government guarantee.

For eligible companies, the amount of the PGE is capped, generally (excluding innovative and recently set up companies, and excluding Seasonal PGEs for our tourism/hospitality/catering customers, for example), at 25% of the company's turnover. PGEs benefits from a 70 to 90% government guarantee depending on the size of the undertaking, with banks thus retaining the residual risk. The government guarantee covers a percentage of the outstanding amount of the debt (capital, interest and incidentals) until its maturity. The government guarantee may be called before maturity in the event of a credit event.

A reasonable early repayment penalty is set in the agreement (2% of the outstanding capital during the initial period of the loan, 3% to 6% of the outstanding capital during the loan amortisation period). The extension conditions are not fixed in advance but are set two to three months before the expiry of the extension option, depending on market conditions.

PGEs may not be covered by a security interest or guarantee other than the government guarantee unless they are granted under a Minister of Economy and Finance decree. Professionals and managers may ask or be asked to take out death insurance, but this may not be imposed.

With regard to the government guarantee, it is considered an integral part of the terms of the agreement and is taken into account when calculating impairment charges for expected credit losses. The guarantee fee paid to the French government when the loan is granted is recognised in profit or loss over the initial term of the PGE using the effective interest rate (EIR) method. The impact is presented in the net interest margin.

Restructured loans

Within the meaning of ANC Regulation no. 2014-07, restructured loans are doubtful loans and receivables whose initial contractual characteristics (term, interest rate) have been modified to enable the counterparties to repay the amounts due.

When a loan is restructured, a discount is applied to reflect the difference between the present value of the expected contractual cash flows at inception and the present value of the expected principal and interest repayments after restructuring. The discount rate used is the original effective interest rate for fixed-rate loans and the last effective rate prior to restructuring in the case of variable-rate loans. The effective rate corresponds to the contractual rate. This discount is recognised, in cost of risk, in the income statement and offset against the corresponding outstanding on the balance sheet. It is written back to net interest income in the income statement using an actuarial method over the term of the loan.

A restructured loan may be reclassified as a performing loan subject to compliance with the new repayment schedule. If a loan that has already undergone a first restructuring becomes past due again, the loan is reclassified as doubtful, regardless of the restructuring terms and conditions.

Non-performing loans and receivables

Non-performing loans and receivables consist of all outstanding amounts, whether due or not yet due, guaranteed or otherwise, where at least one commitment made by the debtor presents a known credit risk, identified as such on an individual basis. A risk is considered to be “known” when it is probable that the institution will not collect all or part of the sums owed under the terms of the commitments made by the counterparty, notwithstanding any guarantees or collateral.

Notwithstanding ANC regulation no. 2014-07, the classification as non-performing debt takes place in particular in the case of receivables unpaid for more than three months and more than six months for receivables from local authorities in harmonisation with the default events defined in Article 178 of Regulation (EU) no. 575/2013 of 26 June 2013 concerning prudential requirements applicable to credit institutions and the EBA guidelines (EBA/GL/2016/07) on the application of the definition of default and Delegated Regulation no. 2018/1845 of the European Central Bank on the threshold for assessing the materiality of credit obligations past due, applicable no later than 31 December 2020. The definition of loan default is therefore specified by the introduction of a relative threshold and an absolute threshold to be applied to past due payments to identify situations of default, clarification of the criteria for loans returning to being healthy with the imposition of a probationary period and the introduction of explicit criteria for classifying restructured loans as being in default.

Non-performing loans are considered to be irrecoverable when the likelihood of full or partial collection has deteriorated strongly and a write-off is considered. Loans and receivables whose terms have lapsed, terminated finance lease agreements and perpetual loans which have been rescinded are considered irrecoverable non-performing. The existence of guarantees covering nearly all risks, along with the outlook for the non-performing loan, must be taken into consideration in order to qualify a non- performing loan as irrecoverable and to assess the associated impairment provision. A debt that has been classified as non-performing for more than one year is assumed to be irrecoverable, unless a write-off is not being considered. Reclassification of a debt from non-performing to irrecoverable does not automatically entail the reclassification to irrecoverable of the counterparty’s other non-performing loans and commitments.

For non-performing loans, interest accrued and/or due but not received is recognised in income from banking operations and impaired accordingly. For irrecoverable loans and receivables, accrued interest due but not received is not recognised.

More generally, non-performing loans and receivables are reclassified as performing once the debtor resumes regular payments in accordance with the contractual repayment schedule, and if the counterparty is no longer considered to be at risk of default.

Repurchase agreements

Transactions under repurchase agreements are recognised in accordance with ANC Regulation no. 2014-07 supplemented by Instruction no. 94-06, as amended, issued by the French Banking Commission.

The assets transferred under repurchase agreements are maintained on the balance sheet of the assignor, which records the amount collected under liabilities, representing its debt vis-à-vis the assignee. The assignee records the amount paid under assets, representing the amount due to the assignor. At each balance sheet date, the assets transferred, as well as the debt vis-à-vis the assignee or the amount due to the assignor, are valued according to the specific rules applicable to each of these transactions.

Impairment

Loans whose recovery is doubtful result in recognition of an impairment charge against the asset to cover the risk of loss. Impairment charges are calculated on a case-by-case basis, taking into account the present value of guarantees received. Impairment charges are determined on at least a quarterly basis and are calculated with reference to a risk analysis and to the available collateral. At the very least, the impairment charge covers unpaid interest in respect of non-performing loans.

Impairment for known probable losses includes all forecast impairment charges, calculated as the difference between the outstanding principal and the forecast cash flows discounted at the effective interest rate. Forecast cash flows are determined by categories of loans and receivables on the basis of loss experience and/or expert appraisal, and are then placed over time on the basis of repayment schedules by reference to collection experience.

Allocations to and reversals of impairment charges recorded for the risk of non-recovery are reported under "Cost of risk", except for impairment charges relating to interest on non-performing loans, which along with the impaired interest, is recorded under "Interest and similar income/expense".

Reversals of impairment charges linked solely to the passing of time are recorded under "Interest and similar income/expense".

When credit risk is identified on loans that are not doubtful but present a significant increase in credit risk since their first recognition, it is assessed on the basis of expected credit losses over their residual lifetime. This credit risk is recognised under liabilities in the form of a provision. Since 1st January 2018, the valuation methods for these non-doubtful outstandings have been aligned with those of IFRS 9 of Stage 2 (S2) used for the consolidated financial statements.

Irrecoverable loans and receivables are written off as losses and the corresponding impairment allowances are reversed.

In thousands of euros

ASSETS	**12/31/2021**	12/31/2020
Overdrawn current accounts	**1,298,302**	1,098,267
Commercial receivables	**179,709**	140,082
Other loans to customers	**26,108,194**	23,800,208
Repurchase agreements	*147*	*0*
Cash facilities and consumer credit	*7,593,688*	*7,415,491*
Equipment loans	*7,368,368*	*6,518,636*
Home loans	*7,751,950*	*8,176,167*
Other facilities to customers	*99,152*	*158,115*
Securities purchased under repurchase agreements	*3,294,092*	*1,531,799*
Subordinated loans	*798*	*0*
Other		
Accrued interest	**209,668**	245,312
Non-performing loans and receivables	**1,023,054**	877,501
Impairment of receivables due from customers	**-467,199**	-430,198
Total	**28,351,728**	**25,731,172**

Amounts due from customers eligible for refinancing by the French Central Bank or the European Central Bank system totalled: €7,063.13 million.

Government-backed loans (PGE) stood at €1.864 million at 31 December 2021 versus €2.042 million at 31 December 2020.

Amounts owed to customers

In thousands of euros

LIABILITIES	12/31/2021	12/31/2020
Regulated savings accounts	**7,194,623**	6,674,178
A booklet	*1,517,784*	*1,422,584*
PEL / CEL	*1,909,108*	*1,923,986*
Other regulated savings accounts	*3,767,731*	*3,327,609*
Receivable against the savings fund**	**-1,465,149**	-1,367,441
Other customer accounts and loans[1]	**30,839,204**	29,054,504
Guarantee deposits	**74,287**	61,348
Other amounts due	**53,398**	42,888
Accrued interest	**9,170**	9,818
Total	**36,705,532**	**34,475,295**

** Since 31 December 2020, in accordance with ANC Regulation No. 2020-10, the receivable for centralised deposits with the Caisse des Dépôts et Consignations savings fund is deducted from regulated savings accounts under liabilities.

[1] ***Detailed customer accounts and loans***

	12/31/2021			12/31/2020		
In thousands of euros	Demand	Term	Total	Demand	Term	Total
Credit balances on ordinary accounts	20,912,190	0	**20,912,190**	19,444,800	0	**19,444,800**
Loans to financial customers	3,897,014	1,852,116	**5,749,130**	6,320,102	1,125,738	**7,445,840**
Securities sold under repurchase agreements	0	421,560	**421,560**	0	384,126	**384,126**
Other accounts and loans	0	3,756,324	**3,756,324**	0	1,779,738	**1,779,738**
Total	**24,809,204**	**6,030,000**	**30,839,204**	**25,764,902**	**3,289,602**	**29,054,504**

4.2.2 - Analysis of outstanding loans by economic agent

	Performing loans and receivables	Non-performing loans and receivables		*o/w irrecoverable non-performing loans*	
In thousands of euros		Gross	Individual impairment	*Gross*	*Individual impairment*
Non-financial companies	14,398,602	630,728	-309,520	317,783	-245,351
Self-employed professionals	1,119,852	74,959	-25,555	*27,109*	*-18,634*
Retail	8,446,823	307,317	-128,308	*155,991*	*-110,328*
Private sector administrations	117,539	9,624	-3,811	*2,354*	*-2,044*
Social security and public administrations	225,575	425	-5	*0*	*0*
Other	192,593	0	0	0	0
Total at 31 December 2021	**24,500,983**	**1,023,054**	**-467,199**	**503,237**	**-376,357**
Total at 31 December 2020	**23,752,070**	**877,501**	**-430,198**	***458,734***	***-342,498***

4.3 - Treasury bills, bonds, equities and other fixed- and variable-income securities

4.3.1 Securities portfolio

Accounting policies

"Securities" covers interbank market securities, treasury bills and other negotiable debt securities, bonds and other fixed-income (i.e. with yields that are not variable) instruments, equities and other variable-income instruments.

Securities transactions are accounted for in accordance with ANC Regulation no. 2014-07, which sets forth the general accounting and measurement rules for securities and the rules for special transfer transactions such as temporary disposals of securities.

Securities are classified into the following categories: equity interests and investments in associates, other long-term investments, held to maturity securities, portfolio securities, available for sale securities and trading securities.

In the case of trading securities, available-for-sale securities, held-to-maturity securities and portfolio securities, impairment charges are recorded for counterparties with known default risks whose impact can be separately identified. Changes in provisions are recognised in cost of risk.

During a securities lending transaction, the loaned securities cease to appear on the balance sheet and a receivable representing the carrying amount of the loaned securities is recognised on the asset side.

In a securities borrowing transaction, the borrowed securities are recorded under trading securities with a corresponding liability representing the debt for the securities owed to the lender for an amount equal to the market price of the borrowed securities on the day of the loan. Borrowed securities are presented on the balance sheet deducted from the debt representing the value of the borrowed securities.

Trading securities

Trading securities are securities acquired or sold with the intention of reselling or repurchasing them in the short term. To qualify for inclusion in this category, the securities must be negotiable on an active market at the date of their first recognition and their market prices must be accessible and representative of actual arm's-length transactions regularly taking place in the market. They may be either fixed-or variable-income instruments.

Trading securities are recognised at cost on their acquisition date, less transaction costs and including accrued interest, where applicable. In the case of short sales, the debt is recorded under liabilities in the amount of the selling price of the securities, excluding transaction costs.

At closing, they are valued at the market price of the most recent day: the overall balance of differences resulting from fluctuations in prices is taken to the income statement. For shares and units of mutual funds (UCITS) and investment funds, market value corresponds to the available net asset values reflecting market conditions as at the reporting date.

Securities classified as trading securities cannot be transferred to another accounting category (except in exceptional market situations requiring a change of strategy or in the absence of an active market for fixed-income securities), and the rules for their presentation and measurement continue to apply until they are sold, redeemed in full or written off.

Available-for-sale securities

Securities that do not qualify for recognition in any other category are considered as securities available-for-sale.

Available-for-sale securities are recognised at cost on their acquisition date, less transaction costs.

Where applicable, for fixed-income securities, accrued interest is recognised in the income statement under "Interest and similar income".

Any difference between the acquisition price and the redemption value (premium or discount) for fixed-income instruments is recorded in the income statement over the remaining term of the security using the actuarial method.

Available-for-sale securities are valued at the lower of acquisition cost or market price. For shares and units of mutual funds and investment funds, market value corresponds to the available net asset values reflecting market conditions as at the balance sheet date.

Unrealised capital losses give rise to an impairment provision which may be assessed based on groups of similar securities, with no offsetting against capital gains recorded on other categories of securities.

Gains generated by hedging instruments if any, as defined in Article 2514-1 of ANC Regulation no. 2014-07, are taken into account for the calculation of impairment. Unrealised capital gains are not recognised.

Capital gains or losses on the disposal of available-for-sale securities, as well as impairment charges and reversals, are reported in the income statement under “Gains or losses on available-for-sale securities and similar”.

Held-to-maturity securities

Held-to-maturity securities are fixed-income securities with fixed maturities that have been acquired or reclassified from “Trading securities” or “Available-for-sale securities” and which the company has the clear intention and ability to hold to maturity. The securities should not be subject to any existing restriction, legal or otherwise, that could have an adverse effect on the company’s intention of holding the securities to maturity. Classification as held-to-maturity securities is not incompatible with their designation as items hedged against interest rate risk.

Held-to-maturity securities are recognised at cost on their acquisition date, less transaction costs. If previously classified as available-for-sale, they are recorded at cost and any previously recognised impairment charges are reversed over the residual term of the securities concerned.

The difference between the securities’ acquisition cost and redemption value, and the corresponding interest, are recorded according to the same rules as those applicable to available-for-sale fixed-income securities.
An impairment charge may be recognised if there is a strong probability that the institution will not hold the securities to maturity due to a change in circumstances or if there is a risk of default by the issuer. Unrealised capital gains are not recognised.

Held-to-maturity securities may not, barring exceptions, be sold or transferred to another category of securities.

Fixed-income trading and available-for-sale securities reclassified as held-to-maturity securities due to illiquid market conditions pursuant to the provisions of ANC Regulation no. 2014-07 may, however, be sold when the market on which they are traded becomes active again.

Portfolio securities

The portfolio activity consists of investing in securities with the objective of obtaining capital gains in the medium term without the intention of investing over the long term to develop the business activities of the issuing company, or to participate actively in its operational management. In principle, these are necessarily variable-income securities. This activity must be significant, continuous and carried out within a structured framework, and must generate regular returns derived primarily from capital gains on disposals.

Portfolio securities are recognised at cost on their acquisition date, less transaction costs.

At the end of the period, they are included in the balance sheet at the lower of historical cost and value in use. An impairment charge is compulsorily recognised for any unrealised capital losses. Unrealised capital gains are not recognised.

Securities recorded under portfolio securities may not be transferred to any other accounting category.

Other long-term investments are recorded at acquisition cost, less transaction costs.

They are recorded in the balance sheet at the lower of historical cost and value in use. The value in use of the securities, whether listed or not, is determined based on the amount the company would be willing to pay to obtain the securities, given its investment objective, if it were to acquire them. An impairment charge is compulsorily recognised for any unrealised capital losses. Unrealised capital gains are not recognised.

Securities classified as other long-term investments may not be transferred to any other accounting category.

	12/31/2021					31/12/2020				
In thousands of euros	Trading	Available for sale securities	Investment	Portfolio securities	**Total**	Trading	Available for sale securities	Investment	Portfolio securities	**Total**
Treasury bills and similar securities	**2,958,747**	**10,360,400**	**0**		**13,319,147**	**1,965,168**	**11,731,036**	**0**		**13,696,204**
Gross amount	2,958,406	10,349,643	0		**13,308,049**	1,964,976	11,717,808	0		**13,682,784**
Accrued interest	341	11,086	0		**11,427**	192	13,694	0		**13,886**
Impairment	0	(329)			**(329)**	0	(466)			**(466)**
Bonds and other fixed income securities	**1,798,141**	**6,899,224**	**0**		**8,697,365**	**1,286,274**	**4,880,874**	**0**		**6,167,148**
Gross amount	1,798,141	6,897,695	0		**8,695,836**	1,286,274	4,899,274	0		**6,185,548**
Accrued interest		12,219	0		**12,219**		8,548	0		**8,548**
Impairment		(10,690)	0		**(10,690)**		(26,948)	0		**(26,948)**
Shares and other variable-income securities	**3,522,316**	**393,550**		**0**	**3,915,866**	**3,545,196**	**284,662**		**0**	**3,829,858**
Gross amounts	3,522,316	428,485		0	**3,950,801**	3,545,196	317,137		0	**3,862,333**
Accrued interest					**0**					**0**
Impairment		(34,935)		0	**(34,935)**		(32,475)		0	**(32,475)**
Total	**8,279,203**	**17,653,174**	**0**	**0**	**25,932,377**	**6,796,637**	**16,896,572**	**0**	**0**	**23,693,209**

For treasury bills and similar securities, the amount of receivables representing loaned securities was €5,508.90 million at 31 December 2021.

There were no held-to-maturity securities at 31/12/2021.

Unrealised capital gains and losses of all available-for-sale securities were €371.84 million and €58.32 million, respectively.

Treasury bills, bonds, and other fixed-income securities (in net value)

	12/31/2021				31/12/2020			
In thousands of euros	Trading	Available for sale securities	Investment	**Total**	Trading	Available for sale securities	Investment	**Total**
Listed securities	2,302,588	5,696,084	0	**7,998,672**	1,822,240	5,141,851	0	**6,964,091**
Unlisted securities	1,164,678	5,264,942	0	**6,429,620**	727,913	3,477,692	0	**4,205,605**
Securities loaned	1,289,281	6,272,097	0	**7,561,378**	701,097	7,959,730	0	**8,660,827**
Non-performing loans and receivables	0	4,433	0	**4,433**	0	9,008	0	**9,008**
Accrued interest	341	22,068	0	**22,409**	192	23,628	0	**23,820**
Total	**4,756,888**	**17,259,624**	**0**	**22,016,512**	**3,251,442**	**16,611,910**	**0**	**19,863,352**
O/w subordinated notes	*1,792*	*37*	*0*	***1,829***	*34,629*	*37*	*0*	***34,666***
				0				(0)

On this category of investment securities, the securities subject to a capital loss are impaired. Unrealised capital losses amounted to €23.38 million at 31 December 2021 versus €28.45 million at 31 December 2020.

Unrealised capital gains on this category of available-for-sale securities amounted to €219.91 million at 31 December 2021 versus €226.23 million at 31 December 2020.

There were no longer any held-to-maturity securities at 31/2021/2019 nor at 31/12/2018.

The portion of bonds and other fixed-income securities issued by public bodies amounted to €399.96 million at 31 December 2021 versus €475.31 million at 31 December 2020.

Shares and other variable-income securities (in net value)

In thousands of euros	12/31/2021 Trading	12/31/2021 Available for sale securities	12/31/2021 Portfolio securities	12/31/2021 Total	31/12/2020 Trading	31/12/2020 Available for sale securities	31/12/2020 Portfolio securities	31/12/2020 Total
Listed securities	3,499,874	95,747		**3,595,621**	3,545,196	0		**3,545,196**
Unlisted securities	22,442	297,803		**320,245**	0	284,662		**284,662**
Accrued interest				**0**				**0**
Total	**3,522,316**	**393,550**	**0**	**3,915,866**	**3,545,196**	**284,662**	**0**	**3,829,858**

At 31 December 2021, shares and other variable-income securities included €393.55 million in UCITS compared with €284.66 million in UCITS at 31 December 2020.

On this category of investment securities, the securities subject to a capital loss are impaired. Unrealised capital losses amounted to €34.93 million at 31 December 2021 versus €32.48 million at 31 December 2020.

In this category of available-for-sale securities, unrealised capital gains amounted to €151.93 million at 31 December 2021 versus €67.08 million at 31 December 2020.

4.3.2 - Changes in held to maturity securities

In thousands of euros	12/31/2020	Purchases	Disposals	Repayments	Conversion	Discounts/ premiums	Other changes	12/31/2021
Treasury bills	0							**0**
Bonds and other fixed income securities	0							**0**
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

BRED Banque Populaire does not hold any investment securities.

4.3.3 - Asset reclassification

Accounting policies

To harmonise accounting practices and comply with IFRS, ANC Regulation no. 2014-07 integrates the provisions of Opinion 2008-19 of 8 December 2008 dealing with the reclassification of securities out of the “trading securities” and “available-for-sale securities” categories.
“Trading securities” may now be reclassified to the “Held-to-maturity” and “Available-for-sale” categories in the following two cases:

- Under exceptional market circumstances needing a change of strategy;
- When, after their acquisition, the fixed-income securities can no longer be traded on an active market, and provided that the institution has the intention and ability to hold them for the foreseeable future or until maturity.

Reclassification from “Available-for-sale” to “Held-to-maturity” is effective as from the reclassification date in either of the following conditions:

- Under exceptional market circumstances needing a change of strategy;
- When the fixed-income securities can no longer be traded on an active market.

Note that in a press release dated 23 March 2009 the French accounting board, Conseil National de la Comptabilité, states that “the possibilities of transfer between portfolios, in particular from the available-for-sale portfolio to the held-to-maturity portfolio as provided for in Article 19 of CRB Regulation no. 90-01 before amendment by CRC Regulation no. 2008-17, continue to apply and are not revoked by ANC Regulation no. 2014-07.

CRC Regulation 2008-17 replaced by ANC Regulation No. 2014-07 provides additional possibilities for transfers between portfolios, and the new possibilities supplement those already defined, with effect from the application of this regulation on 1st July 2008.

Consequently, reclassification from available-for-sale to held-to-maturity continues to be possible on a simple change of intention providing that, on the date of the transfer, the security fulfils all the criteria of the held-to-maturity portfolio.

Reclassification due to illiquid markets (CRC No. 2008-17 replaced by ANC Regulation No. 2014-07)

BRED Banque Populaire has not reclassified any assets in accordance with the provisions of the aforementioned regulation relating to transfers of securities outside the “Trading securities” and “Available-for-sale securities” categories.

4.4 - Equity interests, investments in affiliates and other long-term investments

Accounting policies

→ ***Equity interests and investments in associates***

Securities in this category are securities whose long-term holding is considered useful to the company’s activity, in particular by permitting the exercise of significant influence or control over the governing bodies of the issuing companies.

Equity interests and investments in associates are recorded at cost, including, when these amounts are significant, transaction costs.

At the balance sheet date, they are individually valued at the lower of acquisition cost and value in use. Value in use is determined, in particular, on the basis of criteria such as the strategic nature of the investment, the intention to provide support or retain the investment, share price performance, net assets or revalued net assets, and forecasts. Impairment is recognised for any unrealised capital losses, calculated for each line of securities, and is not offset against unrealised capital gains. Unrealised capital gains are not recognised.

Securities recorded under Equity interests and investments in associates may not be transferred to any other accounting category.

Other long-term investments

Other long-term investments are securities acquired to promote the development of lasting business relationships by creating special ties with the issuer, but without influencing its management due to the small percentage of voting rights that the investment represents.

4.4.1 - Changes in equity interests, investments in affiliates and other long-term investments

In thousands of euros	**12/31/2020**	Change	**12/31/2021**
Gross amount	**1,945,515**	**204,555**	**2,150,071**
Equity interests and other long-term investments	*898,678*	*168,847*	***1,067,525***
Investments in affiliates	*1,046,837*	*35,708*	***1,082,545***
Impairment	**-119**	**0**	**-118**
Equity interests and other long-term investments	*-119*	*0*	***-118***
Investments in affiliates	*0*		***0***
Net long-term investments	**1,945,397**	**204,556**	**2,149,952**

Shares in non-trading real-estate investment companies recorded under long-term investments were not material at 31 December 2021 as at 31 December 2020.

Other long-term investments include in particular the deposit guarantee fund association certificates (€4.5 million) and the deposit guarantee fund associate certificates (€19.4 million).

The value of the central institution's securities was determined by calculating revalued net assets including the revaluation of the main BPCE subsidiaries.

The main BPCE subsidiaries are valued using updated multi-year forecasts of expected dividend flows (Dividend Discount Model). The forecasts of expected dividend flows are based on the business and strategic plans of the entities concerned, and on the technical parameters deemed reasonable. In particular, the valuation took into account the prudential constraints that apply to the activities in question.

These valuations are based on the concept of value in use. As a result, they take into account BRED Banque Populaire’s specific situation, the affiliation of these investments to Groupe BPCE and their integration into the solidarity mechanism, their strategic interest for BRED Banque Populaire and the fact that they are held with a long-term objective.

These valuations are based on technical inputs based on a long-term vision of ownership and membership of the group and not on valuation parameters at their limits.

BPCE’s revalued net assets incorporate the intangible assets held by BPCE as well as the structural expenses of the central institution.

At 31 December 2021, the carrying amount for BPCE securities was €853.2 million.

4.4.2 - Statement of subsidiaries and equity interests

Subsidiaries and equity interests	Capital	Equity other than capital including FGBR where applicable (excluding income for the year)	Share of capital held (as a %)	Carrying amount of securities held		Loans and advances granted by the company and not repaid and undated subordinated notes	Amounts of endorsements and similar guarantees granted by the company	Before-tax turnover or NIB of previous financial year	Income (profit or loss of last financial year)	Dividends received by the company during financial year
Amounts in thousands of euros				Gross	Net					
A. Detailed information on each security whose gross value exceeds 1% of the capital of the company required to declare them										
Subsidiaries owned by BRED (> 50%)										
Cofibred	656,015	1,264,284	100.00	985,540	985,540			32,900	21,159	0
BRED Bank Cambodia	65,722	55,460	100.00	96,729	96,729			11,345	-2,337	0
Equity interests held by BRED (< 50%)										
BPCE	180,478	16,205,747	4.95	853,213	853,213			701,714	2,213,155	35,516
BP Développement	456,117	125,633	4.32	27,074	27,074			-108,309	-115,657	443
B. Aggregate information on each security whose gross value does not exceeds 1% of the capital of the company required to declare them										
French subsidiaries (all)				207	207					0
Foreign subsidiaries (all)										0
Association certificates				4,466	4,466					0
Equity interests in French companies				3,380	3,278					124
Equity interests in Foreign companies				548	548					49
o/w equity interests in listed companies				105	105					49

4.4.3 - Companies regarding which the establishment is fully liable

Name	Headquarters	Legal form
BPCE ACHATS	12/20 Rue Fernand Braudel 75013 Paris	GIE
ALCYONE 2014	1200 Avenue du Docteur Maurice Donat 06250 Mougins	SCI
LAGON LOCATION 1	35 Rue des Mathurins 75008 Paris	SCI
PAKOUSI	88 Avenue de France 75013 Paris	SNC
DIDEROT FINANCEMENT 25	88 Avenue de France 75013 Paris	SNC

4.4.4 - Related-party transactions

In thousands of euros	Credit institutions	Other undertakings	12/31/2021	12/31/2020
Receivables	**2,847,422**	**7,539,880**	**10,387,302**	7,646,966
o/w subordinated	-	-	-	-
Debt	**934,428**	**494,687**	**1,429,116**	1,464,998
o/w subordinated	-	-	-	-
Commitments given	**95,029**	**115**	**95,144**	144,149
Financing commitments	40,000	-	40,000	*15,000*
Guarantee commitments	55,029	115	55,144	*129,149*
Other commitments given				

The increase in transactions with the network in 2021 is linked to the optimisation of the circulation of regulatory liquidity within the Group by the central body.

4.5 - Finance and operating leases

Not applicable.

4.6 - Non-current assets

The accounting rules for non-current assets are set forth in ANC Regulation no. 2014-03.

4.6.1 - Intangible assets

Accounting policies

An intangible asset is a non-monetary asset without physical substance. Intangible assets are recorded at cost (purchase price and related costs). These assets are amortised over their estimated useful lives.

Software is amortised over a maximum period of five years. Any additional amortisation that may be applied to software under the existing tax regulations is recorded under accelerated amortisation.

Business goodwill is not amortised but is subject, when necessary, to impairment charges.

Leasehold rights are amortised on a straight-line basis over the residual term of the lease and, if necessary, are tested for impairment relative to their market value.

In thousands of euros	12/31/2020	Increase	Decrease	Other movements	12/31/2021
Gross amount	**89,692**	**10,784**	**-5,983**	**0**	**94,493**
Lease rights and business assets	37,451	0	-4,700	0	32,751
Software	50,932	9,244	-14	40	60,201
Other	1,309	1,541	-1,269	-40	1,541
Depreciation and impairment	**-69,081**	**-12,090**	**4,705**	**0**	**-76,466**
Lease rights and business assets	-36,457	-214	4,700	0	-31,971
Software	-32,623	-11,876	5	0	-44,495
Other		0	0	0	
Net carrying amount	**20,611**	**-1,305**	**-1,278**	**0**	**18,027**

The change in other movements corresponds to capital projects which have been launched.

4.6.2 - Tangible assets

Accounting policies

Land and buildings Property, plant and equipment consists of tangible assets that are held for use in the production or supply of goods and services, for rental to others or for administrative purposes, and which the entity expects to continue using after the end of the reporting period.

As buildings are assets consisting of a number of components with different uses at the outset, each component is recognised separately at cost and a depreciation schedule specific to each component is applied.

The depreciable amount is the gross value less the residual value where the latter is material, lasting and can be measured reliably. The main components of buildings are depreciated or amortised in such a way as to reflect the duration over which the asset's future economic benefits are expected to be consumed by the entity, which generally corresponds to the asset's useful life:

Components	**Useful life**
Land	NA
Non-destructible façades	NA
Façades, roofing and waterproofing	20-40 years
Foundations/structures	30-60 years
Renovations	10 to 20 years
Technical equipment	10-20 years
Technical installations	10-20 years
Fixtures and fittings	8-15 years

Other property, plant and equipment is recorded at acquisition cost, production cost or revalued cost. The cost of assets denominated in foreign currencies is translated into euro at the exchange rate prevailing on the transaction date. These assets are depreciated or amortised in such a way as to reflect the duration over which the asset's future economic benefits are expected to be consumed by the entity, which generally corresponds to the asset's useful life.

Where necessary, assets may be subject to impairment.

Investment properties correspond to non-operating assets and are accounted for using the component method.

In thousands of euros	12/31/2020	Increase	Decrease	Other movements	12/31/2021
Gross amount	**418,415**	**23,030**	**-10,024**	**248**	**431,669**
Operating property, plant and equipment	***414,468***	***22,989***	***-10,015***	***248***	***427,690***
Land	62,252	0	-701	0	61,550
Buildings	140,841	825	-3,248	0	138,417
Shares in non-trading real estate companies					
Other	211,376	22,164	-6,066	248	227,723
Property, plant and equipment not used in operations	***3,946***	***41***	***-9***	***0***	***3,979***
Depreciation and impairment	**-199,375**	**-25,488**	**5,192**	**0**	**-219,670**
Operating property, plant and equipment	***-197,697***	***-25,272***	***5,189***	***0***	***-217,779***
Land					
Buildings	-77,041	-3,555	3,190	0	-77,405
Shares in non-trading real estate companies					
Other	-120,656	-21,717	1,999	0	-140,374
Property, plant and equipment not used in operations	***-1,678***	***-216***	***3***	***0***	***-1,891***
Net carrying amount	**219,040**	**-2,458**	**-4,832**	**248**	**211,999**

4.7 - Debt securities

Accounting policies

Debt securities are classified according to the nature of the underlying: short-term notes, interbank market securities, negotiable debt securities, bonds and similar securities, apart from subordinated notes, which are recorded separately under liabilities.

Interest accrued but not yet due on these instruments is disclosed separately in the income statement as a related payable.

Issue expenses are recognised in their entire amount during the period or are spread on a straight-line basis over the term of the debt. Issue and redemption premiums are spread on a straight-line basis over the term of the debt via a deferred charges account.

As regards structured debts, in accordance with the principle of prudence, only the certain portion of interest or principal is recognised. Unrealised gains are not recognised. Provisions are recognised for unrealised losses.

In thousands of euros	12/31/2021	12/31/2020
Short-term notes and savings certificates	**0**	0
Interbank market instruments and negotiable debt securities	**7,501,457**	9,102,397
Bonds	**0**	0
Other debt securities	**0**	0
Accrued interest	**(1,149)**	(435)
Total	**7,500,308**	**9,101,962**

4.8 - Other assets and liabilities

In thousands of euros	12/31/2021 Assets	12/31/2021 Liabilities	31/12/2020 restated* Assets	31/12/2020 restated* Liabilities
Securities settlement accounts	0	0	0	0
Premiums on options purchased and sold	356,444	30,915	937	37,536
Debts in respect of securities borrowed and other securities transactions	0	1,340,018	0	1,879,191
Tax and social security receivables and debts	57,165	128,088	75,305	116,590
Guarantee deposits received and paid	0	69	0	68
Sundry debtors and sundry creditors	2,450,981	908,878	3,239,350	622,057
TOTAL	**2,864,590**	**2,407,969**	**3,315,592**	**2,655,443**

* In accordance with ANC Regulation no. 2020-10, the amount of debt on borrowed securities is reduced by the value of the identical securities classified by the institution as trading securities and for the amount of the debt. See note 4.3.1.

Sundry debtors particularly include margin calls.

Other receivables include CICE and CIR receivables amounting to €872.78 million at 31 December 2021 compared to €922.86 million at 31 December 2020.

4.9 - Accruals and deferred income

In thousands of euros	12/31/2021 Assets	12/31/2021 Liabilities	12/31/2020 Assets	12/31/2020 Liabilities
Foreign exchange commitments	625,937	369,958	104,436	161,506
Deferred gains and losses on hedging forward financial instruments	828,395	1,204,174	1,475,053	1,884,584
Prepaid expenses and deferred income	103,452	219,703	72,234	223,270
Accrued income and accrued expenses	-25,581	359,052	64,617	170,250
Items in process of collection	60,208	535,491	72,917	240,098
Other	-8,787	2,514	-38,183	14,050
TOTAL	**1,583,623**	**2,690,891**	**1,751,074**	**2,693,758**

4.10 - Provisions

Accounting policies

This heading includes provisions for risks and charges, whether or not directly linked to banking transactions as defined under Article L.311-1 of the French Monetary and Financial Code and related transactions as defined in Article L.311-2 of the same code, and which are clearly identifiable in terms of nature but whose timing and amount are uncertain. Unless covered by a specific text, such provisions may be set up only if the company has an obligation to a third party at the balance sheet date and no equivalent consideration is expected in return, in accordance with the provisions of ANC Regulation no. 2014-03.

It particularly includes a provision for employee benefit obligations and a provision for counterparty risk on guarantee and financing commitments given.

Employee benefit obligations

Employee benefits are accounted for in accordance with ANC recommendation no. 2013-R-02. They are classified into four categories:

→ ***Short-term benefits***

Short-term employee benefits comprise mainly wages, salaries, paid annual leave, incentive plans, profit-sharing and bonuses paid within 12 months of the end of the financial year in respect of the same financial year. They are recorded as an expense for the period, including the amounts still due at the balance sheet date.

→ ***Long-term benefits***

Long-term employee benefits are generally linked to length of service accruing to current employees and payable 12 months or more after the end of the period in which the employee renders the related service; these include in particular long-service awards. A provision is recognised based on the estimated value of the obligations at the balance sheet date.

These obligations are valued using an actuarial method that factors in demographic and financial assumptions such as age, length of service, the likelihood of the employee still being employed by the Bank when the benefit is awarded, and the discount rate. The calculation spreads the related costs over the working life of each employee (projected unit credit method).

→ ***Termination benefits***

Termination benefits are granted to employees on termination of their employment contract before the normal retirement date, either as a result of a decision by the Bank to terminate a contract or a decision by an employee to accept voluntary redundancy. A provision is set aside for termination benefits. Termination benefits payable more than 12 months after the balance sheet date are discounted to present value.

→ ***Post-employment benefits***

Post-employment benefits include lump-sum retirement indemnities, pensions and other post-employment benefits.

These benefits fall into two categories: defined-contribution plans, which do not give rise to obligations that need to be provisioned; and defined-benefit plans, which give rise to an obligation that must be measured and provisioned.

The Bank records a provision in liabilities for employee benefit obligations that are not funded by contributions charged to income and paid out to pension funds or insurance companies.

The valuation method used is the same as for long-term benefits.

The amount provisioned in respect of these obligations takes into account the value of plan assets and unrecognised net actuarial gains or losses.

Actuarial gains or losses on post-employment benefits arising from changes in actuarial assumptions (early retirement, discount rate, etc.) or experience adjustments (return on plan assets, etc.) are amortised using the “corridor” method, i.e. for the portion that falls outside a range of plus or minus 10% of the obligations or plan assets.

The annual expense recognised in respect of defined-benefit plans includes the current-year service cost, the net interest cost (the effect of discounting the obligation), past-service costs and, if applicable, the amortisation of any unrecognised actuarial gains or losses.

Provisions for home savings

Regulated home savings accounts (CEL) and regulated home savings plans (PEL) are retail products distributed in France and governed by the 1965 law on home savings plans and accounts and subsequent enabling decrees.

Regulated home savings products generate two types of obligations for the banks marketing these products:

- An obligation to provide a loan to the customer in the future at a rate set on inception of the contract (for PEL products) or at a rate contingent upon the savings phase (for CEL products);
- An obligation to pay interest on the savings in the future at a rate set on inception of the contract for an indefinite period (for PEL products) or at a rate set on a half-yearly basis according to an indexing formula regulated by law (for CEL products).

Obligations with potentially unfavourable consequences are measured for each generation of regulated home savings plans and for regulated home savings accounts as a whole.

A provision is recognised for the associated risks, which is calculated by discounting future potential earnings from at-risk savings and loans:

- At-risk savings correspond to the uncertain future level of savings for plans in existence at the date the provision is calculated. This is estimated on a statistical basis for each future period taking into account customer behaviour patterns, and corresponds to the difference between the probable savings and the minimum expected savings;
- At-risk loans correspond to the outstanding loans granted but not yet due at the calculation date plus statistically probable outstanding loans based on customer behaviour patterns as well as earned and estimated future rights relating to regulated home savings accounts and plans.

Earnings of future periods over the savings phase are estimated, for a given generation of contracts, as the difference between the regulated rate offered and the expected interest accruing on a rival savings product.

Earnings of future periods over the loan phase are estimated as the difference between the rate set at inception for PEL contracts or a rate contingent on the savings phase for CEL contracts, and the forecast interest rate on home loans in the non-regulated sector.

Where the algebraic sum of the Bank’s estimated future obligations in respect of the savings and loan phases of any generation of contracts indicates a potentially unfavourable situation for the Bank, a provision is recognised, with no offset between the different generations. The obligations are estimated using the Monte Carlo method to reflect the uncertainty of future interest rate trends and their impact on customer behaviour models and at-risk outstandings. On this basis, a provision is established on the same generation of contracts in the event of a potentially unfavourable situation for the bank, without netting between generations.

These provisions are recognised under liabilities in the balance sheet and changes are recorded in net banking income.

4.10.1 - Statement of changes in provisions

In thousands of euros	1/1/2021	Change in method for employee benefit obligations	Provisions made	Uses of provisions	Provisions written back	12/31/2021
Provisions for counterparty risks	**175,426**		**50,452**	**-16,490**	**-1,285**	**208,103**
Provisions for employee benefit obligations (1)	**46,845**	**-4,216**	**1,570**	**-3,430**	**0**	**40,769**
Provisions for home saving plans (PEL) and home savings accounts (CEL)	**18,358**		**2,247**	**0**	**0**	**20,605**
Other provisions for liabilities	**0**	**0**	**0**	**0**		**0**
Securities portfolio and forward financial instruments						
Long-term investments						
Property development						
Provisions for taxes						
Other	*0*	*0*	*0*	*0*	*0*	*0*
Exceptional provisions	**0**		**0**	**0**	**0**	**0**
Restructuring of information systems						
Other exceptional provisions						
Total	**240,629**	**-4,216**	**54,269**	**-19,920**	**-1,285**	**269,477**

(1) The change in accounting method for the distribution of benefits introduced by the amendment of ANC Recommendation no. 2013-02 resulted in a decrease in provisions of €4,216 million in respect of 2021, with an offsetting entry in retained earnings.

4.10.2 - Provisions and impairment charges for counterparty risk

In thousands of euros	12/31/2020	Provisions made	Uses of provisions	Provisions written back	12/31/2021
Impairment of assets	**528,825**	**136,441**	**-64,071**	**-50,106**	**547,350**
Impairment of loans and advances to customers	432,361	120,360	-33,308	-50,106	469,307
Impairment of other receivables	96,464	16,080	-30,764	0	78,043
Provisions for counterparty risks recognised as liabilities	**175,426**	**50,451**	**-16,491**	**-1,285**	**208,103**
Provisions for off-balance sheet commitments	11,121	6,034	-1,514	0	15,641
Provisions for country risks	974	57	0	0	1,031
Provisions for sector risks and collective provisions	128,358	30,509	-6,276	0	152,591
Provisions for customer counterparty risks	34,974	13,851	-8,701	-1,285	38,840
Other provisions	0	0	0	0	0
TOTAL	**704,251**	**186,892**	**-80,562**	**-51,391**	**755,452**

4.10.3 - Provisions for employee benefit obligations

Defined contribution post-employment benefits

Defined contribution plans concern mandatory social security pension schemes, including those managed by the pension funds AGIRC and ARRCO, and the supplementary pension schemes to which the Banques Populaires subscribe. BRED Banque Populaire's obligations under these schemes are limited to the payment of contributions.

Defined benefit post-employment benefits and long-term benefits

BRED Banque Populaire's commitments concern the following plans:

- The Banques Populaires banks' private supplementary pension plan, managed by Caisse Autonome de Retraite des Banques Populaires (CARBP), covers the pension benefits deriving from the closure of the banking pension scheme on 31 December 1993;
- Retirement and similar benefits: pensions and other post-employment benefits such as termination indemnities and other retirement benefits;
- Others: benefits such as long-service awards and other long-term employee benefits.

These obligations are calculated as provided for in ANC Recommendation no. 2013-R-02, as amended on 5 November 2021.

Provisions - Employee benefit obligations

→ ***Analysis of assets and liabilities included in the balance sheet***

In thousands of euros	12/31/2021				12/31/2020			
	CARBP regime	**Retirement indemnities**	**Other commitments**	**Total**	CARBP regime	Retirement indemnities	Other commitments	Total
Actuarial liabilities (1)	98,339	7,541	48,780	**154,661**	107,054	8,397	58,045	**173,496**
Fair value of plan assets	-67,493	-4,543	-40,495	**-112,531**	-60,451	-4,944	-37,543	**-102,938**
Fair value of reimbursement rights								
Effect of ceiling on plan assets								
Unrecognised actuarial gains/(losses)	630	-349	-1,641	**-1,360**	-12,265	-591	-10,857	**-23,713**
Unrecognised past service costs			0				0	
Net amount reported on the balance sheet	**31,475**	**2,649**	**6,645**	**40,769**	**34,338**	**2,862**	**9,644**	**46,845**
Employee benefit commitments recorded in the balance sheet	31,475	2,649	6,645	**40,769**	34,338	2,862	9,644	46,845

(1) The change in accounting method for the distribution of benefits introduced by the amendment of ANC Recommendation no. 2013-02 resulted in a decrease in provisions of €4,216 million in respect of 2021, with an offsetting entry in retained earnings.

In 2020, BRED Banque Populaire outsourced the asset management for retirement benefits, amounting to €2 million, to an insurer.

→ ***Analysis of costs for the year***

In thousands of euros	**12/31/2021**				12/31/2020
	CARBP regime	**Retirement indemnities**	**Other commitments**	**Total**	Total
Cost of services rendered	0	0	-3,701	**-3,701**	**-3,521**
Past service cost	0	0	0	**0**	**0**
Interest disbursed	-396	205	-222	**-412**	**-914**
Interest received	228	8	161	**398**	**622**
Benefits paid	3,427	0	2,401	**5,828**	**5,727**
Contributions received				**0**	**2,000**
Actuarial gains or losses recognised in profit and loss	-397	0	-296	**-694**	**-523**
Other (1)	0	0	440	**440**	**-359**
TOTAL	**2,862**	**213**	**-1,216**	**1,859**	**3,032**

(1) The change in accounting method for the distribution of benefits introduced by the amendment of ANC Recommendation no. 2013-02 would have resulted in the recognition of a corrected amount of -€60,000 in respect of 2020.

→ ***Breakdown of fair value of plan assets***

	CAR-BP		**End-of-career awards**	
	Weight by category in %	**Fair value of assets** *(in thousands of euros)*	**Weight by category in %**	**Fair value of assets** *(in thousands of euros)*
Cash	8.77%	5,921	0.00%	0
Shares	42.67%	28,796	46.38%	18,780
Bonds	40.91%	27,612	0.00%	0
Property	0.00%	0	0.00%	0
Derivatives	0.00%	0	0.00%	0
Investment funds	7.65%	5,163	53.62%	21,715
Total	100.00%	**67,493**	100.00%	**40,495**

Main actuarial assumptions

	CARBP regime		**Other commitments**	
As a percentage	**12/31/2021**	12/31/2020	**12/31/2021**	12/31/2020
Discount rate	0.86%	0.38%	0.90%	0.43%
Expected return on plan assets	1.70%	1.60%	1.70%	1.60%

The mortality tables used are: TGH05-TGF05.
The discount rate used is based on the curve of first-class lenders (“EUR Composite (AA)” curve).

4.10.4 - Provisions for regulated home savings products

Deposits held in regulated home savings products

In thousands of euros	**12/31/2021**	12/31/2020
Deposits held in regulated home savings plans (PEL)		
* less than 4 years	148,071	162,608
* more than 4 years and less than 10 years	944,587	911,635
* more than 10 years	645,814	671,448
Deposits held in regulated home savings plans	**1,738,472**	**1,745,692**
Deposits held in regulated home savings accounts	176,658	169,828
TOTAL	**1,915,130**	**1,915,520**

Loans granted

In thousands of euros	**12/31/2021**	12/31/2020
Loans granted * under PEL regulated home savings plans	434	601
* under regulated home savings accounts	466	738
TOTAL	**899**	**1,339**

Provisions for commitments relating to home savings accounts (CEL) and plans (PEL)

In thousands of euros	**1/1/2021**	**Net provisions / reversals**	**12/31/2021**
Provisions for regulated home savings plans			
* less than 4 years	2,406	-433	1,973
* more than 4 years and less than 10 years	3,553	449	4,002
* more than 10 years	11,093	1,471	12,565
Provisions for regulated home savings plans	**17,052**	**1,487**	**18,539**
Provisions for regulated home savings accounts	**1,324**	**755**	**2,079**
Provisions for PEL regulated home savings loans	-7	2	-5
Provisions for CEL regulated home savings loans	-11	3	-8
Provisions for regulated home savings loans	**-18**	**5**	**-13**
TOTAL	**18,358**	**2,247**	**20,605**

4.11 - Subordinated debt

Accounting policies

Subordinated debt comprises funds resulting from issues of subordinated debt securities or loans, dated or undated, together with mutual guarantee deposits. In the event of liquidation of the debtor, repayment of subordinated debt is possible only after payment of all the other creditors.

Accrued interest payable on subordinated debt is disclosed separately as a related payable, as a balancing entry to the income statement entry.

In thousands of euros	**12/31/2021**	12/31/2020
Term subordinated debt	**0**	0
Undated subordinated debt		
Undated super-subordinated debt	**0**	0
Mutual guarantee deposits	**2,368**	2,368
Accrued interest	**0**	0
Total	**2,368**	2,368

At 31 December 2021, the amount of bond issue and redemption premiums remaining to be amortised is zero.

4.12 - Funds for general banking risks

General principles

These funds are intended to cover risks inherent in the company’s banking activities, in accordance with the provisions of Article 3 of CRBF (Comité de la Réglementation Bancaire et Financière - Banking and Finance Regulatory Committee) Regulation no. 90-02.

They also include the amounts allocated to the Regional Solidarity Fund (Fonds Régional de Solidarité) and to the funds set up under the guarantee mechanism (see section 1.2).

In thousands of euros	12/31/2020	Increase	Decrease	Other changes	12/31/2021
Regional Solidarity Fund	125,042	0	0		125,042
Fund for general banking risks	87,866	0	0		87,866
Total	212,908	0	0	0	**212,908**

At 31 December 2021, the funds for general banking risks included in particular €89.94 million allocated to the Banque Populaire Network Fund (Fond Réseau Banque Populaire), €35.11 million allocated to the Mutual Guarantee Fund (Fonds de Garantie Mutuel) and €87.87 million allocated to the Regional Solidarity Fund (Fonds Régional de Solidarité).

4.13 - Shareholders' equity

En milliers d'euros	Capital	Primes d'émission	Réserves/ autres	Report à nouveau	Résultat	Total capitaux propres hors FRBG
TOTAL AU 31 DÉCEMBRE 2019	**1 361 628**	**7 482**	**1 763 406**	**110 000**	**236 420**	**3 478 936**
Mouvements de l'exercice	14 090	0	222 067	0	-81 398	154 759
TOTAL AU 31 DÉCEMBRE 2020	**1 375 718**	**7 482**	**1 985 473**	**110 000**	**155 022**	**3 633 696**
Impact changement de méthode				4 216		4 216
Affectation résultat 2020			*155 022*		*-155 022*	0
Distribution de dividendes			*-14 353*			-14 353
Réduction de capital						0
Augmentation de capital	*14 090*					14 090
Autres mouvements						0
Résultat de la période					*223 904*	223 904
TOTAL AU 31 DÉCEMBRE 2021	**1 495 867**	**7 482**	**2 115 783**	**114 216**	**223 904**	**3 957 252**

The share capital is set at €1,495,866,772.29. The share capital is divided into one hundred forty-two million eight hundred seventy-one thousand seven hundred seven (142,871,707) shares with a par value of ten euros and forty-seven cents (€10.47) each, fully paid up and all of the same category.

On 15 December 2020, the European Central Bank issued a recommendation (ECB/2020/62) in which it asks institutions to ensure that their distribution to be paid in 2021 does not exceed an impact of 20 basis points on their CET1 ratio, nor 15% of the cumulative profits for 2019 and 2020. Accordingly, the amount of the distribution to be paid in 2021 was subject, for each institution, to prior validation by the ECB. This recommendation expired on 30 September 2021.

On 30 September 2021, BRED Banque Populaire distributed €17.6 million in interest on cooperative shares. This distribution was made by issuing new cooperative shares as a substitute for a full cash payment.

4.14 - Sources and uses of funds by remaining maturity

Sources and uses of funds with fixed due dates are presented by residual maturity and include accrued interest.

	12/31/2021						
In thousands of euros	**Less than 1 month**	**from 1 month to 3 months**	**from 3 months to 1 year**	**from 1 year to 5 years**	**more than 5 years**	**No fixed maturity**	**Total**
Treasury bills and similar securities	1,276,834	94	3,027,401	7,437,201	1,577,617	0	13,319,147
Receivables from credit institutions	8,181,750	1,237,710	593,029	496,303	930,540	0	11,439,332
Customer transactions	5,780,639	1,228,324	2,918,445	8,901,670	9,522,650	0	28,351,728
Bonds and other fixed income securities	199,312	132,268	570,367	1,776,131	6,019,287	0	8,697,365
Finance and operating leases	0	0	0	0	0	0	0
Total uses of funds	**15,438,535**	**2,598,396**	**7,109,242**	**18,611,305**	**18,050,094**	**0**	**61,807,573**
Amounts due to credit institutions	10,184,239	3,586,288	2,567,001	2,632,806	159,177	0	19,129,511
Customer transactions	32,049,087	1,957,079	1,893,379	715,134	90,853	0	36,705,532
Debt securities	306,523	5,754,161	1,317,181	122,443	0	0	7,500,308
Subordinated debt	2,368	0	0	0	0	0	2,368
Total resources	**42,542,217**	**11,297,528**	**5,777,561**	**3,470,383**	**250,030**	**0**	**63,337,719**

Following the application of ANC Regulation no. 2020-10, debts represented by a security are presented after deduction of borrowed securities and the debt on the savings fund is deducted from regulated savings. See notes 4.2, 4.3.1 and 4.8.

NOTE 5 - INFORMATION ON OFF-BALANCE SHEET AND SIMILAR ITEMS

5.1 - Commitments received and given

General principles

→ ***Financing commitments***

Financing commitments to credit institutions and similar institutions include, but are not limited to, refinancing agreements, acceptances to be paid or commitments to pay, confirmations of openings of documentary credits and other commitments given to credit institutions.

Financing commitments to customers include opening of confirmed credit lines, backup lines of credit for commercial paper, securities issuance facilities commitments and other commitments to economic agents other than credit institutions and similar.
Funding commitments received include refinancing agreements and miscellaneous commitments received from credit institutions and similar.

→ ***Guarantee commitments***

Guarantee commitments given on behalf of credit institutions particularly include sureties, pledges and other guarantees given on behalf of credit institutions and similar.

Guarantee commitments given on behalf of customers particularly include sureties, pledges and other guarantees given on behalf of economic agents other than credit institutions and similar.

Guarantee commitments received particularly include sureties, pledges and other guarantees received from credit institutions and similar.

5.1.1 - Financing commitments

In thousands of euros	**12/31/2021**	12/31/2020
Financing commitments given		
to credit institutions	**456,942**	**183,425**
to customers	**4,607,073**	**3,832,335**
Opening of documentary credits	*102,198*	*57,079*
Opening of other confirmed credit lines	*4,474,824*	*3,761,110*
Other commitments	*30,051*	*14,146*
Total financing commitments given	**5,064,015**	**4,015,760**
Financing commitments received		
from credit institutions	**3,758,962**	1,878,200
from customers		
Total financing commitments received	**3,758,962**	**1,878,200**

5.1.2 - Guarantee commitments

In thousands of euros	12/31/2021	12/31/2020
Guarantee commitments given		
To credit institutions	**280,830**	**367,202**
- confirmation of opening of documentary credits	*147,002*	*250,625*
- other guarantees	*133,828*	*116,577*
To customers	**2,296,122**	**2,062,479**
- property guarantees	*227,857*	*255,748*
- tax and administrative guarantees	*29,301*	*31,754*
- other endorsements and similar guarantees	*938,628*	*799,515*
- other guarantees given	*1,100,336*	*975,462*
Total guarantee commitments given	**2,576,952**	**2,429,681**
Guarantee commitments received from credit institutions	4,636,624	4,957,089
Total guarantee commitments	**7,213,576**	**7,386,770**

5.1.3 - Other commitments not reported as off-balance sheet items

In thousands of euros	12/31/2021		12/31/2020	
	Commitments given	**Commitments received**	**Commitments given**	**Commitments received**
Other securities assigned as guarantees to credit institutions	3,616,524		3,050,709	
Other securities assigned as guarantees received from customers	0		0	
Total	**3,616,524**	**0**	**3,050,709**	**0**

At 31 December 2021, receivables pledged as collateral in the context of refinancing arrangements included in particular:

- €98.552 million of receivables mobilised with Banque de France under the TRICP automated system, compared with €0.587 million at 31 December 2020;
- BRED Banque Populaire did not hold any pledged claims with SFEF at 31 December 2021 or at 31 December 2020.

5.2 - Transactions involving forward financial instruments

Accounting policies

Trading and hedging transactions in interest rate, currency or equity futures and forwards are recognised in accordance with the provisions of ANC Regulation no. 2014-07.

The commitments arising from these transactions are recorded as off-balance sheet items at the nominal value of the contracts. The amount recognised in respect of these commitments represents the volume of unwound transactions at the balance sheet date.

The accounting policies applied differ according to the type of instrument and the original purpose of the transaction.

Firm transactions

Interest rate swaps and similar contracts (forward rate agreements, floors and caps, etc.) are classified as follows according to their initial purpose:

- Micro-hedging (specific hedging relationship);
- Macro-hedging (global asset liability management);
- Speculative positions/isolated open positions; and
- Specialised management of trading securities.

Amounts received or paid in respect of the first two categories are recognised in income on a pro rata temporis basis.

Income (expense) relating to instruments used to hedge a specific item or a group of homogeneous items is recognised in profit or loss in the same manner and period as the expense (income) recognised in respect of the hedged items. The income (expense) relating to the hedging instrument is recorded under the same heading as the expense (income) relating to the hedged item under "Interest and similar income" or "Interest and similar expense". Income and expense on hedging instruments are recorded under "Gains or losses on trading securities" when the hedged items are trading securities.

In the event of manifest over-hedging, a provision may be recorded in respect of the hedging instrument for the over hedged portion, if the instrument shows an unrealised capital loss. In this case, the charge to provisions will affect "Net gains or losses on trading securities".

Income and expense relating to forward financial instruments intended to hedge and manage a global interest rate risk are recognised pro rata temporis in profit or loss under "Interest and similar income" or "Interest and similar expense". Unrealised gains or losses are not recognised.

Gains or losses on contracts classified as isolated open positions are taken to income either when the contracts are settled or over the life of the contract, depending on the type of instrument.

Recognition of unrealised capital gains or losses depends on the type of market involved (organised, other markets considered as organised, or over-the-counter).

On over-the-counter markets, including transactions processed by a clearing house, any unrealised losses relative to the market value give rise to a provision. Unrealised capital gains are not recognised.

Instruments traded on organised markets and other markets considered as organised are continuously quoted and liquid enough to justify being marked to market.

Instruments entered into for specialised management purposes are valued applying a discount to take into account the counterparty risk and the present value of future management expenses, if these value adjustments are material. Derivatives that are traded with a counterparty that is a member of Groupe BPCE's mutual support mechanism (see note 1.2.) are not subject to these valuation adjustments. Changes in value from one accounting period to another are recognised immediately in the income statement under "Net gains or losses on trading securities".

Balances on terminations or transfers are recognised as follows:

- balances on transactions classified under specialised management or isolated open positions are recognised immediately in profit or loss;
- for micro-hedging and macro-hedging transactions, balances are amortised over the remaining term of the initially hedged item or recognised immediately in profit or loss.

Options

The notional amount of the underlying instrument to which the option or futures contract relates is recorded, distinguishing between contracts entered into for hedging purposes and contracts entered into in connection with market transactions.

In the case of options involving interest rates, currencies or equities, premiums paid or received are recorded in a suspense account. At the balance sheet date, these options are valued and recognised in profit or loss in the case of options quoted on an organised or similar market. In the case of over-the-counter transactions, capital losses give rise to a provision, whereas unrealised capital gains are not recognised. On the sale, purchase, exercise or expiry of the options, premiums are recognised immediately in profit or loss.

Income and expenses on hedging instruments are recognised in the same way as those relating to the hedged item. Written options are not eligible for classification as macro-hedging instruments.

Over-the-counter markets may be treated as organised markets when market makers ensure continuous quotations with spreads that reflect traded prices or when the underlying financial instrument is quoted on an organised market.

5.2.1 - Financial instruments and forward foreign exchange transactions

In thousands of euros	12/31/2021				12/31/2020			
	Hedging	Other transactions	Total	Fair value	Hedging	Other transactions	Total	Fair value
Firm transactions								
Transactions on organised markets	0	25,905,012	25,905,012	0	0	18,956,781	18,956,781	0
Interest rate contracts	0	556,715	556,715	0	0	185,383	185,383	0
Foreign exchange contracts	0	12,540	12,540	0	0	99,010	99,010	0
Other contracts	0	25,335,757	25,335,757	0	0	18,672,388	18,672,388	0
Over-the-counter transactions	114,627,265	59,245,268	173,872,533	(82,782)	117,843,035	132,080,096	249,923,131	(294,335)
Forward rate agreements (FRA)	0	0	0	0	0	0	0	0
Interest rate swaps	113,522,591	25,816,281	139,338,872	(418,936)	117,012,666	31,014,222	148,026,888	(302,707)
Foreign exchange swaps	1,104,674	3,125,317	4,229,991	115,249	830,369	9,230,319	10,060,688	162,521
Other forward contracts	0	30,303,669	30,303,669	220,905	0	91,835,555	91,835,555	(154,149)
Total firm transactions	114,627,265	85,150,279	199,777,544	(82,782)	117,843,035	151,036,877	268,879,912	(294,335)
Options								
Transactions on organised markets	0	1,345,536	1,345,536	316,521	0	2,892,516	2,892,516	(35,921)
Interest rate options	0	0	0	0	0	0	0	0
Foreign exchange options	0	0	0	0	0	0	0	0
Other options	0	1,345,536	1,345,536	316,521	0	2,892,516	2,892,516	(35,921)
Over-the-counter transactions	0	4,971,000	4,971,000	(1,551)	0	2,611,410	2,611,410	(680)
Interest rate options	0	4,222,809	4,222,809	2,309	0	1,849,769	1,849,769	816
Foreign exchange options	0	602,319	602,319	(2,197)	0	606,719	606,719	695
Other options	0	145,872	145,872	(1,663)	0	154,922	154,922	(2,191)
Total conditional transactions	0	6,316,536	6,316,536	314,970	0	5,503,926	5,503,926	(36,601)
Total financial and currency forwards	114,627,265	91,466,815	206,094,080	232,188	117,843,035	156,540,803	274,383,838	(330,936)

5.2.2 - Breakdown of over-the-counter interest rate financial instruments and financial currency swaps by type of portfolio

In thousands of euros	12/31/2021					12/31/2020				
	Micro-hedge	Macro-hedge	Isolated open position	Specialised management	Total	Micro-hedge	Macro-hedge	Isolated open position	Specialised management	Total
Firm transactions	106,032,036	8,595,229	0	28,941,598	143,568,864	110,326,836	7,516,199	0	40,244,541	158,087,576
Forward rate agreements (FRA)	0	0	0	0	0	0	0	0	0	0
Interest rate swaps	104,927,362	8,595,229	0	25,816,281	139,338,872	109,496,467	7,516,199	0	31,014,222	148,026,888
Foreign exchange swaps	1,104,674	0	0	3,125,317	4,229,991	830,369	0	0	9,230,319	10,060,688
Other interest rate forward contracts	0	0	0	0	0	0	0	0	0	0
Options	0	0	0	4,222,809	4,222,809	0	0	0	1,849,769	1,849,769
Interest rate options	0	0	0	4,222,809	4,222,809	0	0	0	1,849,769	1,849,769
Total	106,032,036	8,595,229	0	33,164,408	147,791,673	110,326,836	7,516,199	0	42,094,310	159,937,345

5.3 - Foreign currency transactions

Accounting policies

Profits or losses on foreign exchange transactions are determined in accordance with ANC Regulation no. 2014-07.

Receivables, payables and off-balance sheet commitments denominated in foreign currencies are valued at the exchange rate in effect at the balance sheet date. Definitive and unrealised foreign exchange gains or losses are recognised in profit or loss. Income and expenses received or paid in foreign currencies are recognised at the exchange rate on the transaction date.

Non-current assets and equity investments denominated in foreign currencies but financed in euro are valued at acquisition cost.
Unsettled spot foreign exchange transactions are valued at the year-end exchange rate.

Discounts or premiums on foreign exchange forward and futures contracts used for hedging purposes are recognised in profit or loss on a pro rata temporis basis. Other foreign exchange contracts and forward and futures instruments denominated in foreign currencies are valued at market price. Outright foreign exchange forward and futures contracts, and those hedged by forward and futures instruments, are revalued over their remaining term. Foreign exchange swaps are recognised as coupled buy/sell spot/ forward currency transactions. Financial currency swaps are subject to the provisions of ANC Regulation no. 2014-07.

In thousands of euros	**12/31/2021**	12/31/2020
Spot currency transactions		
Currency receivable not received	650,944	812,846
Currency deliverable not delivered	742,945	2,526,838
TOTAL	**1,393,888**	**3,339,683**

5.4 - Breakdown of balance sheet by currency

		44561		44196
In thousands of euros	Assets	Liabilities	Assets	Liabilities
Euro	58,377,146	54,462,987	55,427,914	45,495,629
US dollar	12,110,523	10,847,676	10,272,234	11,972,951
Pound sterling	816,873	7,155,343	458,388	9,204,244
Swiss franc	150,236	82,666	238,877	89,132
Yen	1,366,716	120,942	866,730	138,673
Other	54,722	206,601	48,485	411,998
Total	**72,876,216**	**72,876,216**	67,312,628	67,312,628

NOTE 6 - OTHER INFORMATION

6.1 - Consolidation

Pursuant to Article 4111-1 of ANC Regulation no. 2014-07, in application of Article 111-1 of ANC Regulation no. 2020-01, BRED Banque Populaire prepares consolidated financial statements under international accounting standards.

The individual company accounts are incorporated into the consolidated financial statements of Groupe BPCE.

6.2 - Operations in non-cooperative countries

Under Article L. 511-45 of the French Monetary and Financial Code and the French Minister of the Economy's Decree of 6 October 2009, credit institutions are required to publish, in the notes to their annual financial statements, information on their operations and activities in countries and territories that have not entered into an administrative assistance agreement with France for the exchange of and access to banking information in connection with the fight against tax fraud and tax evasion.

These obligations form part of global measures to discourage transactions with countries and territories considered non-cooperative for tax purposes, as defined at OECD meetings and summits, and are also designed to combat money laundering and financing of terrorism.

Since its foundation, Groupe BPCE has adopted a prudent approach, ensuring that the entities belonging to its networks are kept informed about updates to the OECD list of territories considered non-cooperative as regards the exchange of information for tax purposes and the potential consequences of maintaining operations in non-cooperative territories. In addition, lists of noncooperative territories have been integrated, in part, into enterprise resource planning software applications used in the fight against money laundering with the aim of ensuring appropriate vigilance for transactions with non-cooperative countries and territories (implementation of Decree 2009-874 of 16 July 2009). At the level of the central institution, an inventory of the Group's operations and activities in non-cooperative territories has been drawn up for the information of the executive bodies.

This inventory is based on the list of countries named in the Order of 4 March 2021 issued in application of Article 238--0--A of the French General Tax Code.

In 2021, BRED Banque Populaire had activity with:

- Its banking subsidiary in Vanuatu: holding an ordinary bank account, granting a bank loan of €5 million on 31/12/20 (loan in local currency, euro equivalent given here); impact on income of less than €100,000;
- Its banking subsidiary in Fiji: holding an ordinary bank account; exchange of services less than €250,000.

PROFIT FROM LAST FIVE FINANCIAL YEARS

in thousands of euros	2017	2018	2019	2020	2021
Capital at the year end					
Cooperative shares: amount	995,425	1,176,070	1,361,628	1,375,718	1,495,867
Number of shares outstanding	96,269,300	113,301,560	130,674,465	132,026,661	142,871,707
Equity	2,767,722	3,077,955	3,478,936	3,633,696	3,957,252
Results of operations					
Net banking income	953,138	926,573	1,021,125	1,004,639	1,101,117
Profit before tax, employee profit-sharing, depreciation, amortisation and provisions	292,384	366,249	483,392	408,096	449,698
Income tax	-63,121	-34,350	-98,157	-90,503	-92,703
Employee profit-sharing for the year	-26,900	-29,070	-31,700	-30,433	-45,100
Profit after tax and employee profit-sharing, depreciation, amortisation and provisions	158,719	150,099	236,420	155,022	223,904
Retained earnings before appropriation of profit for the year	110,000	110,000	110,000	110,000	114,216
Net income transferred to reserves	134,803	126,825	207,220	129,702	196,431
Retained earnings after appropriation of profit for the year	110,000	110,000	110,000	110,000	110,000
Interest allocated to members	13,231	15,770	17,379	17,569	20,494
Remaining interest to allocate to reserves (*)	2,750	0	0	0	0
Earnings per share (cooperative shares)					
Profit after tax and employee profit-sharing, but before depreciation, amortisation and provisions	2.48	3.15	4.34	2.20	2.36
Profit after tax and employee profit-sharing, depreciation, amortisation and provisions	1.95	1.84	2.90	1.19	1.70
Dividend per share	0.17	0.17	0.16	0.14	0.16
Employees					
Employee data Average workforce employees during the period	3,438	3,428	3,512	3,516	3,491
Total payroll costs for the period	190,960	195,254	198,163	201,633	207,144
Employee benefits	100,519	101,048	138,996	105,539	113,826

- the 14,810,661 new cooperative shares created in December 2017 have been entitled to dividends since 14 December 2017
- the 17,032,260 new cooperative shares created in December 2018 have been entitled to dividends since 14 December 2018
- the 17,372,905 new cooperative shares created in December 2019 have been entitled to dividends since 18 December 2019
- the 1,352,196 new cooperative shares created in December 2020 have been entitled to dividends since 30 September 2020
- the 10,845,046 new cooperative shares created in December 2021 have been entitled to dividends since 9 August 2021

(*) Balance linked to the accrual of interest, in the process of being allocated to reserves by the Board of Directors

STATUTORY AUDITORS' REPORT ON THE ANNUAL INDIVIDUAL FINANCIAL STATEMENTS

PricewaterhouseCoopers Audit
63 Rue de Villiers
92208 Neuilly-sur-Seine Cedex

KPMG S.A.
Tour EQHO
2 Avenue Gambetta
92066 Paris La Défense Cedex

Rapport des commissaires aux comptes sur les comptes annuels

Exercice clos le 31 décembre 2021

To the cooperative members,

Opinion

In fulfilment of the assignment entrusted to us by your General Meeting, we performed the audit of the annual financial statements of BRED Banque Populaire for the financial year ended 31 December 2021, which are attached to this report.

In our opinion the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the company and the results of its operations for the year ended in accordance with accounting rules and principles generally accepted in France.

The opinion formulated above is consistent with the contents of our report to the Audit Committee.

Basis of the opinion

Audit frame of reference

We have performed our audit in accordance with French professional standards. We believe that the information we have gathered is sufficient and appropriate to provide a basis for our opinion.

The responsibilities that we have assumed in accordance with these standards are described in the section of this report entitled "Responsibilities of the statutory auditors regarding the audit of the annual financial statements".

Independence

We conducted our audit in accordance with the rules of independence set out in the French Commercial Code and the professional code of conduct for statutory auditors over the period from 1 January 2021 to the date of issue of our report, and in particular, we have not provided any services prohibited by Article 5 of Regulation (EU) no. 537/2014.

Comments

Without calling into question the opinion expressed above, we draw your attention to note 2.2 relating to the change in accounting method resulting from the application in November 2021 by the ANC (French Accounting Standards Authority) of its recommendation no. 2013-02 concerning the rules for measuring and recognising pension commitments and similar benefits.

Justification of our assessments - Key points of the audit

The global crisis linked to the COVID-19 pandemic creates special conditions for the preparation and audit of financial statements for this financial year. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have many consequences for companies, particularly on their business and financing, as well as increased uncertainty about their future prospects. Some of these measures, such as travel restrictions and working from home, have also had an impact on the internal organisation of companies and the way in which audits are implemented.

It is in this complex and evolving context that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code concerning the justification of our assessments, we would like to bring to your attention the key points of the audit with respect to the risks of material misstatement that, in our professional judgement, were the most important for the audit of the annual financial statements for the financial year, as well as our responses to these risks.

These assessments were made in the context of the audit of the annual financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on the elements of these annual financial statements taken individually.

Credit risk – individual impairments and collective provisions

Identified risk

BRED Banque Populaire is exposed to credit and counterparty risks. These risks, resulting from the inability of its clients or counterparties to meet their financial commitments, relate in particular to its client lending activities.

Outstanding loans bearing a proven counterparty risk are subject to impairments determined mainly on an individual basis. Those impairment charges are valued by BRED Banque Populaire's management based on estimated recoverable future cash flows taking into account available collateral for each of the loans in question.

In addition, BRED Bank Populaire records impairments in its corporate financial statements for expected credit losses on outstandings with a significant deterioration in credit risk. These provisions are determined mainly on the basis of models developed by BPCE incorporating various parameters (expected flows over the life of the financial instrument, probability of default, loss rate in the event of default, forward-looking information.

In view of the ongoing COVID-19 pandemic crisis, the methods of calculating provisions for expected credit losses have undergone a number of adjustments. These provisions for expected losses are supplemented, if necessary, by allocations on a sectoral basis with regard to local specificities.

We considered that the identification and assessment of credit risk was a key point in the audit given that the loans granted to customers represent a significant part of the balance sheet and that the resulting impairment charges and provisions constitute a significant estimate for preparation of the accounts and require management's judgement, both in determining the parameters and methods for calculating provisions for expected losses on outstanding loans presenting a significant deterioration in credit risk and in assessing the level of individual impairment of outstanding loans at proven risk.

In particular, in the context of the ongoing COVID-19 pandemic crisis, we considered that the assessment of the adequacy of the level of coverage of credit risks by impairment and provisions and the level of the associated cost of risk constitute an area of particular focus for the 2021 financial year.

As at 31 December 2021, outstanding loans to clients amounted to €28,351 million, including €467.2 million in impairment charges. Provisions for expected credit losses amounted to €152.6 million.

The cost of risk in 2021 amounted to -€108.5 million (vs. -€79.5 million in 2020).

For more details on the accounting principles and exposures, see notes 3.9, 4.2 and 4.10.2.

Our response

Provisioning of outstanding non-doubtful loans with a significant deterioration in credit risk:

Our work mainly consisted of:

- ensuring the existence of an internal control system that allows the ratings of the various counterparties to be updated at an appropriate frequency;
- conducting a critical review of the work of Groupe BPCE's consolidation auditors who, in conjunction with their experts and specialists;
    - ensured the existence of governance reviewing, at an appropriate frequency, the adequacy of the provisions and the parameters used to calculate the provisions;
    - assessed the appropriate level of those parameters used to calculate provisions at 31 December 2021;
    - carried out counter-calculations on the principal credit portfolios;
    - performed controls on the entire IT system implemented by Groupe BPCE, including a review of general IT controls, interfaces and automated controls.
    - carried out controls relating to (i) the adjustments made to the methods of calculating provisions for expected credit losses in the context of the continuing crisis linked to the COVID-19 pandemic and (ii) the tool made available by Groupe BPCE to assess the impact on expected credit losses of the application of sectoral impairments.

In addition, we ensured that the sectoral provisions recognised were correctly documented and justified. In this respect, we assessed the criteria used by BRED Banque Populaire to identify the sectors of activity considered, in the light of its environment, to be more sensitive to the impact of the current economic and health context, and assessed the appropriate level of the provisions thus estimated.

Impairment on doubtful and irrecoverable outstanding loans

As part of our audit procedures, we generally examined the control system relating to the identification of exposures, monitoring of credit and counterparty risks, assessment of non-recovery risks and determination of related impairment charges and provisions on an individual basis.

Our work consisted of assessing the quality of the monitoring system for sensitive, doubtful and disputed counterparties, the credit review process and the collateral valuation system. In addition, based on a sample of files selected according to materiality and risk criteria, we conducted joint analyses of the amounts of provisions.

We also assessed the detailed information in the notes with respect to credit risk as at 31 December 2021.

Valuation of financial instruments

Identified risk	*Our response*
Valuation of shares in the central body, BPCE S.A.: Groupe BPCE is a cooperative group whose cooperative members own the two retail banking networks, comprising the 14 Banque Populaire banks and the 15 Caisses d'Epargne. Each of the two networks owns an equal share in BPCE, the Group's central body. The value of the central body's shares, classified as equity securities, was determined by calculating revalued net assets including the revaluation of the principal BPCE subsidiaries. Their valuation is based on discounted multi-year discounted multi-year forecasts of expected dividend flows (DDM) determined based on the business plans of the principal subsidiaries. These valuations are based on technical parameters such as the discount rate, the long-term growth rate and the rate of return on equity. BPCE's revalued net assets also include the intangible assets held by BPCE, which are subject to a regular valuation exercise by an independent expert, as well as the central body's forecast structural expenses. We considered that the value of BPCE SA shares constitutes a key point of the audit due to the significance of this accounting estimate within your Bank's balance sheet and the judgements involved in the calibration of the parameters in your Bank's consolidated accounts. *The net carrying amount of BPCE shares amounted to €853.2 million at 31 December 2021.* *The accounting principles and methods relating to equity securities and investments in affiliated companies are described in note 4.4.*	***Valuation of shares in the central body, BPCE S.A.:*** The valuation work on BPCE shares is carried out by the central body's valuation teams. As a result, the audit procedures required to validate this work are carried out at our request by the central body's auditors, whose conclusions we review for the purposes of our audit. Thus, upon receipt of the conclusions, we check the audit approach they have implemented and carry out a critical review of these conclusions. In carrying out the work, the central body's auditors draw on the expertise of the Valuation and Modelling teams in each firm. The work carried out consisted mainly of - an analysis of the relevance of the methodology used to value the principal subsidiaries; - obtaining and critically reviewing the subsidiaries' business plans and principal investments, particularly in an uncertain environment linked to the COVID-19 crisis, and analysing the rates of discount, growth and return on capital according to the profile of each entity; - a critical examination of the parameters and assumptions used to determine the components of structural costs and central treasury relating to the activity of the central body BPCE S.A. valued on the basis of forecast data; - a counter-calculation of the valuations; - the assessment of the absence of indications / factual elements likely to significantly call into question the valuation of intangible assets determined by an independent expert in 2020, whose report had been the subject of an examination and critical review during this previous exercise.

BRED BANQUE POPULAIRE
Statutory auditors' report on the annual financial statements
Financial year ended 31 December 2021

Valuation of other financial instruments

Identified risk	*Our response*
In the framework of its financial activities or in connection with its client services offering, BRED Banque Populaire holds a portfolio of securities (Treasury bills, bonds, equities, etc.) and derivative contracts. These instruments are valued using different approaches based on their nature, classification and complexity. We considered that the valuation of financial instruments represented a key point of the audit, given the importance of judgement in their valuation, which in particular concerns: • the use of internal valuation models; • the determination of valuation parameters that are not necessarily observable on the market for forward financial instruments or parameters based on discount rate or long-term growth rate for other unlisted securities; • the consideration of financial trajectories; • the estimate of valuation adjustments that take into account counterparty or liquidity risks. *The accounting methods and principles associated with financial instruments are described in the notes entitled "Securities" and "Forward financial instruments" and are explained in notes 4.3 and 5.2.*	With regard to BRED Banque Populaire's own activity, we assessed the processes and controls put in place to identify and evaluate financial instruments held, particularly the governance of valuation models and control of the results recorded on these transactions. In conjunction with our specialists in risk modelling and quantitative techniques, we: • performed independent valuations on a sample of derivatives and analysed any discrepancies; • compared market values with the market share prices observed for the listed instruments on the closing date; • analysed the internal identification and validation processes for the main value adjustments applied to financial instruments and their changes over time: our analyses particularly concerned the governance and methodologies selected for the market reserves constituted. We checked that the estimates used are supported by methods that are consistent with the principles described in the notes.

Specific verifications

We also performed the specific verifications required by applicable French laws and regulations in accordance with French auditing standards.

Information given in the management report and in the other documents on the financial position and annual accounts sent to the members

We have no matters to report regarding the fair presentation and consistency of the information given in the management report of the Board of Directors and the other documents concerning the company's financial position and the annual financial statements sent to the cooperative members, with the exception of the point below:

- The fair presentation and consistency with the annual financial statements of the information relating to payment periods mentioned in Article D. 441-6 of the French Commercial Code require the following observation on our part: as indicated in the management report, this information does not include banking and related transactions, as your company considers that they do not fall within the scope of the information to be produced.

Report on corporate governance

We attest to the existence, in the Board of Directors' report on corporate governance, of the information required by Articles L. 225-37-4 and L. 22-10-10 of the French Commercial Code.

Other information

In accordance with French law, we verified that the required information concerning the purchase of equity and controlling interests has been properly disclosed in the management report.

Other checks or information required by laws and regulations

Designation of statutory auditors

We were appointed as auditors of the company BRED Banque Populaire by your General Meeting of 21 May 1999 for KPMG S.A. and on 23 May 1996 for PwC, taking into account the acquisitions or mergers of firms that have taken place since these dates.

As at 31 December 2021, KPMG S.A. was in its 23rd year of continuous service and PwC in its 26th year.

Responsibilities of management and the persons responsible for corporate governance with respect to the annual financial statements

It is the management's responsibility to draft annual financial statements presenting a fair view in accordance with the French accounting rules and principles as well as to put the internal control system in place that it deems necessary for the preparation of annual financial statements that are free from all material misstatements, whether they are the result of fraud or error.

When preparing the annual financial statements, it is the management's responsibility to evaluate the company's capacity to continue its operations, present the necessary information as applicable in said financial statements regarding operational continuity and apply the accounting convention of going concern, unless there are plans to liquidate the company or cease its activities.

It is the Audit Committee's responsibility 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 the internal audit system, where applicable, with respect to the procedures concerning the preparation and treatment of accounting and financial information.

The annual financial statements have been approved by the Board of Directors.

Responsibilities of the statutory auditors regarding the audit of the annual financial statements

Objective and procedure of the audit

It is our responsibility to draft a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements when considered as a whole do not contain material misstatements. Such reasonable assurance corresponds to a high level of certainty, without, however, guaranteeing that an audit conducted in accordance with professional standards can systematically detect all material misstatements. Misstatements may result from fraud or errors and are considered significant when it can be reasonably expected that they may, either individually or cumulatively, impact the economic decisions that the users of the financial statements take on the basis thereof.

As made clear by Article L. 823-10-1 of the Commercial Code, our assignment to certify the financial statements does not amount to guaranteeing the viability or quality of the management of your company.

Statutory auditors exercise their professional judgement throughout any audit conducted in accordance with the professional standards applicable in France. Furthermore:

- they identify and assess the risks that the annual financial statements contain material misstatements, whether they are the result of fraud or error, define and implement audit procedures to address these risks and collect elements that they deem sufficient and appropriate to serve as a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than it is for material misstatements resulting from error because fraud may involve collusion, falsification, intentional omissions, false declarations or circumvention of the internal control process;
- they review the internal control process that is relevant for the audit in order to define the audit procedures that are appropriate under the circumstances and not for the purpose of expressing an opinion on the effectiveness of the internal control;
- they assess whether the accounting methods used are appropriate and whether the accounting estimates made by management are reasonable as well as the information concerning the same provided in the annual financial statements;
- they assess whether the management's application of the accounting convention of going concern is appropriate and, according to the elements collected, whether or not there is any significant uncertainty relative to events or circumstances that could undermine the company's ability to continue its operations. This assessment is based on the elements collected through the date of their report; however, it is understood that subsequent circumstances or events could jeopardise operational continuity. If they conclude that a significant uncertainty exists, they draw the attention of readers of their report to the information provided in the annual financial statements regarding this uncertainty or, if such information is not provided or is not relevant, they formulate a certification with reserve or a refusal to certify;

- they assess the overall presentation of the annual financial statements and evaluate whether the annual financial statements reflect the underlying transactions and events in such a way as to present a fair view.

Report to the Audit Committee

We submit a report to the Audit Committee that describes, in particular, the scope of the audit work and the audit programme followed, as well as the conclusions of our work. We also make it aware of any significant weaknesses that we have identified in the internal control system, as applicable, with respect to the procedures concerning the drafting and treatment of accounting and financial information.

The elements communicated in the report to the Audit Committee include the risks of material misstatements that we deem to be the most important for the audit of the annual financial statements for the financial year and which therefore represent key points of the audit, which we are responsible for describing in this report.

We also provide the Audit Committee with the statement provided for by Article 6 of Regulation (EU) no. 537-2014 confirming our independence pursuant to the rules applicable in France as established in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the professional code of conduct for statutory auditors. As applicable, we meet with the Audit Committee regarding any risks to our independence as well as the safeguards implemented.

Signed in Neuilly-sur-Seine and Paris La Défense, 22 April 2022

The Statutory Auditors

KPMG S.A.	**PricewaterhouseCoopers Audit**
Ulrich Sarfati	Emmanuel Benoist

5

Risk management and compliance monitoring carried out by BRED Group

Some information contained in this chapter is required by the IFRS 7 standard and is, on this basis, covered by the External Auditor's opinion on the consolidated accounts. This information is flagged by the statement "Information provided under IFRS 7".

INTRODUCTION

Internal control mechanism

The internal control system of BRED and its subsidiaries is governed by the Decree of 3 November 2014, as amended on 25 February 2021, on internal control of companies in the banking, payment services and investment services sector subject to supervision by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) (hereinafter the "Decree of 3 November 2014"), the provisions of the Monetary and Financial Code, including in particular regulations governing the prevention of money laundering and the financing of terrorism, and the provisions laid down by the Autorité des Marchés Financiers (AMF).

The objectives of BRED's internal control mechanism are as follows:
- to develop a risk monitoring culture among the group's staff members, especially in order to avoid the risk of fraud;
- to continuously maintain the group's efficiency and quality of performance;
- to guarantee that information is reliable, especially concerning its finances and accounting;
- to ensure the security of its operations in accordance with the laws and instructions issued by General Management.

BRED applies the permanent and periodic control standards defined in Groupe BPCE's control function charters.

Overall organisation of internal control

In accordance with banking regulations, the institution's internal control system is based on:
- first level controls performed by the operational line manager;
- second level permanent controls carried out by dedicated staff – whose work is not operational in regulatory terms;
- and periodic controls.

Permanent and periodic control are integrated into Groupe BPCE's control functions. The system is defined and described in procedures, policies and charters covering each of the control functions. The internal control mechanism seeks to align the risk incurred with BRED Group's policies.

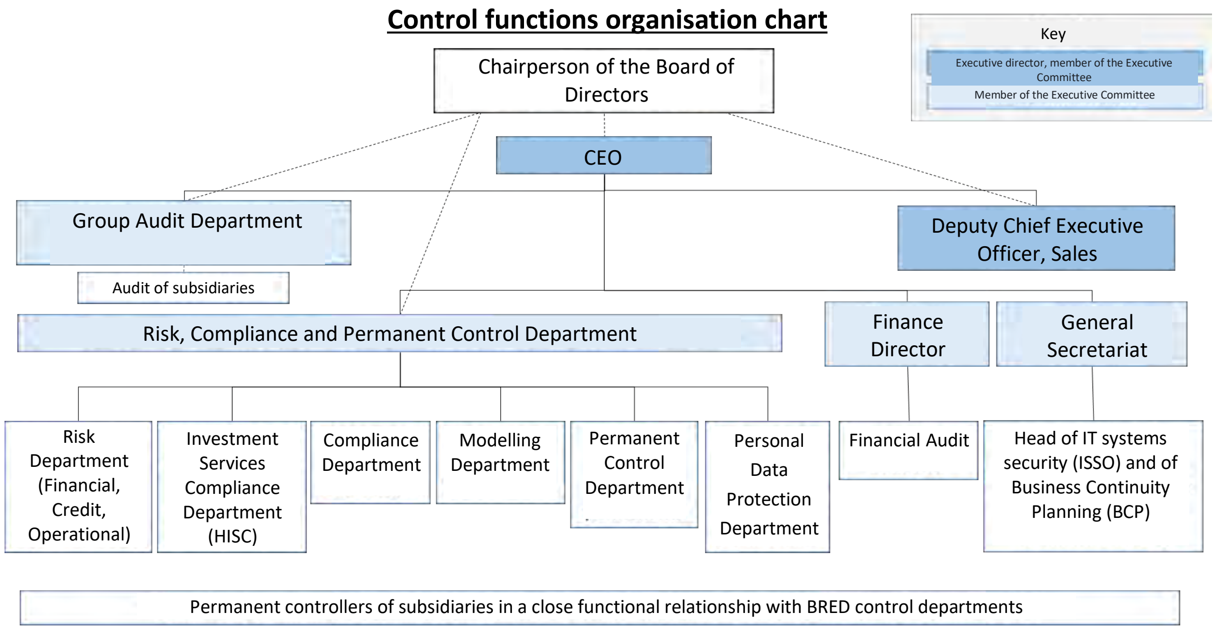
The Head of Permanent Control is responsible for permanent control within the meaning of Article 16 of the Decree of 3 November 2014, as amended.

The Inspector General is in charge of periodic control, in accordance with Article 17 of the Decree of 3 November 2014, as amended.

The Head of Risk, Compliance and Permanent Control is in charge of monitoring compliance in accordance with Article 28 of the Decree of 3 November 2014, as amended.

The Head of Risk, Compliance and Permanent Control is in charge of risk management in accordance with Article 74 of the Decree of 3 November 2014, as amended.

Organisation of the internal control mechanism of BRED Group at 31 December 2021



Consolidated control

One of the fundamental principles of internal control concerns the comprehensiveness of its scope: it applies to all types of risk and to all the consolidated entities of BRED Group, be they banks or not, and be they French or foreign.

Internal control within the subsidiaries is in particular structured around:

- the supervisory bodies (and the accountable managers for banking entities) of each of the subsidiaries;
- periodic control carried out on one hand by BRED Group Audit and, on the other hand, where applicable, through local auditing in close collaboration with BRED Group Audit;
- permanent control carried out within the subsidiary in close collaboration with BRED's second level permanent control functions, as part of BRED Group's consolidated risk monitoring system.

Aligning controls with risk types and the auditability of controls

Evaluating the adequacy of the controls at various levels of risk implies:

- having systems, methods and risk measuring tools with follow-up;
- notably having appropriate skilled human means available in sufficient numbers.

Auditing ability implies:

- there be flowcharts, function definitions and clear assignments of power;
- there be exact detailed operational procedures covering all activities, explaining the responsibilities and types of control required, all easily available for consultation;
- that reporting guidelines, alert devices and obligation to report be well defined.

Proportionality of control systems

Internal control systems are put to use with regard to the intensity, frequency and types of risk involved in the company's businesses.

Application of the principle of subsidiarity

Internal control systems are implemented by using the principle of subsidiarity, which leads the risk management and compliance function staff, as needed, to count on:

- the implementation of a permanent control procedure at all the Group's establishments and the analysis of the results of these controls at local and consolidated levels;
- the follow up of the first level permanent control results by the second level monitoring staff, both carried out independently of each other;
- the permanent control monitoring staff sharing the results of their controls.

This subsidiarity makes it possible to distribute the work among various staff members of a given function (at the local, consolidated or central body level).

Internal control staff

General Management

Under the supervision of the Board of Directors and its special committees, General Management is responsible for the Group's internal control system as a whole.

As such, it defines and implements the internal control system in compliance with the requirements defined by BPCE and with applicable standards. It regularly monitors that operations run properly and ensures the quantitative and qualitative adequacy of the staff and tools assigned to permanent control and periodic control with regard to:

- the kind, the volume and the scope of the activities followed;
- the size of the company;
- the locations;
- the way the operations are handled (externalised activities);
- the various kinds of risk it is exposed to and their development;
- the regular developments of the regulatory framework.

Given the size of BRED Group and its diverse activities, the CEO decided that members of the Executive Committee would be fully involved in the control system through delegations of authority and responsibilities, in keeping DE each member's area of expertise. Such delegations highlight the importance of the permanent control system and the obligations of each member of the Executive Committee regarding compliance with statutory and regulatory provisions. The delegations are regularly updated by the General Secretariat.

The General Management ensures that the Board of Directors and special committees receive information.

The Board of Directors

In accordance with the guidelines issued by the European Banking Authority (EBA) on internal governance, the Board of Directors must:

- periodically assess the effectiveness of the institution's internal governance framework and take appropriate measures to address any weaknesses detected;
- oversee and monitor the consistent implementation of the strategic objectives of the institution's organisational structure and risk strategy, including its risk appetite and risk management framework;
- check that the institution's risk culture is implemented consistently;
- oversee the implementation and upholding of a code of conduct to detect, manage and mitigate actual and potential conflicts of interest;
- oversee the integrity of financial information and financial reporting as well as the internal control framework, including an effective and sound risk management framework;

- ensure that the heads of internal control functions are able to act independently and may express their concerns and inform the Board directly, where applicable, when the risk of adverse developments affects or is likely to affect the institution;
- monitor the implementation of the internal audit plan, after consulting with the Risk and Audit Committees.

To this end, the Board of Directors relies on several special committees.

The Audit and Accounts Committee and the Risk Committee express an opinion on the quality of the internal control work carried out, verifying in particular that the consolidated risk measurement, monitoring and management systems are consistent, and make recommendations whenever it considers additional action should be taken in this regard.

In accordance with the Decree of 3 November 2014, as amended on 25 February 2021, the Compensation Committee defines the principles of BRED's remuneration policy and verifies its implementation.

In accordance with articles L. 511-98 et seq. of the French Monetary and Financial Code, the Appointments Committee is responsible for implementing the process for selecting candidates qualified to sit on the Board, overseeing the Board's assessment and, more generally, assisting the Board of Directors concerning any corporate governance matters.

Line managers (first level)

All the Bank's operational directorates are in charge of the first control level which constitutes the essential and indispensable basis of the control system.
All employees take part in the Bank's first level permanent control system through self-checks based on controls integrated into operational procedures and automated controls during the processing of transactions. First level controls are performed by line managers in order to verify the quality of their employees' work.

The operational departments are responsible for:

- drawing up and implementing procedures related to their scope of activities, after obtaining the approval for the compliance and risk management processes by the permanent control functions;
- implementing procedures for which they are responsible to ensure the controlled management of activities;
- compliance and management of potential operational, credit, market, interest rate, custodial, liquidity and settlement/delivery risks and risks for IT and real property projects, investments and financial transactions and activities for which they are responsible, in particular by the appropriate handling of new activities, new products or changes that affect how these activities operate, as well as risk limits defined by the Bank, including at the initiative of the operational department;
- first level control – a control plan at the first level is established for this reason – and of the reporting of shortcomings through their hierarchy, as well as after the control functions that may be involved;
- the responses to be diligently given to the requests for information from permanent and periodic control departments, notably when they emanate from requests made by prudential control authorities or from financial markets;
- drawing up corrective action plans whenever necessary (to address issues identified by the department itself or by permanent control or periodic control) and implementing them within a reasonable time period.

Independent permanent control functions (second level)

The main responsibilities of the functions in charge of risk, compliance and permanent controls are:

- to assist with good governance in managing risk, notably by taking part in the elaboration of policies on system at taking, as well as by ensuring that the control body, the actual managers, the control authorities and that all employees are well informed. This is a prevention role;
- to assess risk (using tools and indicators);
- to ensure that risk control systems function correctly with:
    - continuous risk monitoring (analyses, monitoring indicators and limits);
    - permanent controls.

Within the Risk, Compliance and Permanent Control Department, the second level permanent control stakeholders are:

- the Risk Department, responsible for monitoring and managing credit risk, model risk, financial risk (including market risk) and operational risk.
- the Permanent Control Department, responsible for organising and monitoring the second level permanent control system with the support of decentralised permanent control staff in the commercial network and at subsidiaries;
- the Compliance Department, which is mainly responsible for controlling legal, administrative and disciplinary risks, to avoid significant financial loss and damage to the Group's reputation, that are caused by breach of legislative or regulatory provisions applicable to banking and financial activities, of professional and ethical standards and of instructions given by the executive body; this directorate also handles internal fraud;
- the Investment Services Compliance Department that notably ensures the proper implementation of the general regulation of the AMF (French Financial Markets Authority) and the French Monetary and Financial Code;
- the Personal Data Protection Department, which ensures in particular the implementation of systems aimed at reducing the risks relating to the use of personal data and the proper application of the General Data Protection Regulation (GDPR).

Reporting to the Finance Department, the Financial Audit Department coordinates and promotes the production of reliable and high-quality financial and accounting information among the Group's finance functions via an internal control system. It reports functionally to the Risk, Compliance & Permanent Control Department.

Within the General Secretariat, the IT Systems Security (ISS), Business Continuity (BCP) and External Fraud Department is responsible for the relevant IT systems security and business continuity plans for BRED Group. It oversees the implementation of the regulatory framework and ensures second level control of ISS and BCP activities. It reports functionally to the Risk, Compliance & Permanent Control Department. This department also deals with external fraud.

The function of Safety for persons and property is led by the General Secretariat. It determines the rules relating to the safety and security of persons and property and ensures or supervises (as appropriate) implementation and maintenance. It manages and coordinates second level controls.

The staff working at the second level of permanent control in the regional head offices of retail banks (under the hierarchical authority of the regional manager), and in the subsidiaries (under the hierarchical authority of the CEO of the subsidiary) are subject to the strong bond of functional authority established with the second level BRED permanent control departments involved.

These units and staff are responsible for preventing and controlling risk, essentially by verifying that pertinent first-level controls are carried out within the operational departments and subsidiaries. After completion of the controls, they inform the relevant hierarchical managers of any corrective action that needs to be taken unless suitable action plans have already been defined. Second level permanent control recommendations, like recommendations from periodic control, must be implemented within a reasonable time frame. Within this framework, they are responsible for updating the overall system of risk control and for implementing the internal control charter. The status of the permanent control system and of BRED Group's risk control system are regularly reported to General Management as well as to the Board's Risk Committee and the Board of Directors.
When necessary, the Head of Risk, Compliance and Permanent Control, the Head of Risk, the Head of Compliance and the Head of Investment Services Compliance can have access to the Board of Directors and its special committees, particularly the Risk Committee, without having to obtain authorisation from the General Management and/or the accountable managers. The Head of Risk, Compliance and Permanent Control is invited to all the Board Risk Committee meetings of BRED Group subsidiaries.

Periodic control (third-level)

Periodic control is exercised by Group Audit, which covers all BRED Group's activities, including those which are outsourced. This also includes subsidiaries.

Group Audit carries out tasks recorded in the annual audit plan, previously undergoing Groupe BPCE audit and having been validated by General Management and the Risk Committee of BRED's Board of Directors. It is also presented to the Board of Directors for information.

In the framework of duties set forth in Article 17 of the Decree of 3 November 2014, as amended on 25 February 2021, Group Audit has as its priority objectives the evaluation of and reporting on the quality of the financial status of each audited unit, on the level of risk involved, the coherence, the adequacy and correct functioning of the valuation devices and of the control of risk, on the reliability and integrity of the accounting and management information, on compliance with procedures and regulations. Group Audit provides the executive body and supervisory bodies with reasonable assurances that BRED Group is functioning correctly, through periodic assignments conducted in the context of a four-year audit plan using a risk-based approach.

To achieve this objective, Group Audit makes use of its dedicated and specialist means and resources to conduct objective reviews and issue, in complete independence, its opinions, findings and recommendations.
BRED Group Audit, in accordance with Groupe BPCE's internal audit function charter, maintains a strong bond of functional authority with the internal auditing managers of the subsidiaries that have them.

If necessary, the Head of Group Audit may ask to consult the Board of Directors or any of its specialist committees without first seeking authorisation from the accountable managers. The Head of Group Audit is invited to all meetings of the Risk Committee attached to BRED Group subsidiaries' Boards of Directors.

Employees assigned to internal control

	FTEs present at 31/12/2021 (Excluding long-term leave, maternity leave, without pay)				Total at 31/12/2020	Change
	Parent company	Subsidiaries	Total	Total ratio of total resources/staff		
Group Audit	27.5	3.0	30.5	0.5%	29.5	3.4%
Risks	68.5	41.4	109.9	1.9%	103.2	6.5%
Data protection	4.9	1.7	6.6	0.1%	6.4	2.3%
Compliance	48.7	38.4	87.1	1.5%	81.9	6.4%
External fraud	14.5	1.3	15.8	0.3%	9.0	76.1%
ISSO	2.8	5.5	8.3	0.1%	8.0	4.3%
Business Continuity	1.9	1.9	3.7	0.1%	4.4	-15.5%
Financial audit	6.8	9.5	16.3	0.3%	10.8	50.0%
Total	175.6	102.6	278.2	4.8%	253.2	9.9%
Total workforce (registered)	**4,082**	**1,736**	**5,818**		**5,588**	**4.1%**

The data at 31/12/2020 take into account the reorganisations carried out in 2021 involving the Risk Department and the Compliance Department.

Coordination of internal controls

The cross-functional nature of the control functions is achieved through umbrella committees, notably the Control Functions Coordination Committee (CFCC), and through the regular exchange of information between the various control functions.

In addition, the Risk, Compliance & Permanent Control Department, operating under the authority of the CEO, provides a global overview of BRED Group's permanent control system.

As a general rule, the Executive Committee has authority to consider any topic of importance to BRED Group. This means that any matters related to internal control can be referred to it directly without the involvement of one of the specialised committees.

BRED Group's Control Functions Coordination Committee regularly holds meetings for the main persons who carry out the first and second level permanent control and periodic control. This committee is essentially responsible for ensuring that BRED Group's internal control system is consistent, relevant and effective and that effective coordination exists between the various control functions; it also oversees all cross-functional actions aimed at improving such consistency and effectiveness.

The Executive Risk Committee evaluates the quality of the system of risk management and permanent control, notably concerning the consistence in the measurement, surveillance and risk control systems on a consolidated basis. When needed, it proposes additional actions. It studies the principle lessons learned from risk monitoring.

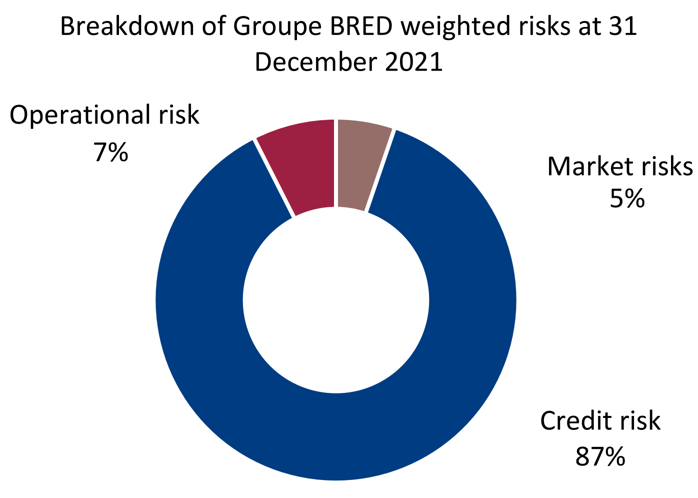
Appetite for risk

BRED Group determines its risk appetite on the basis of:
- its values and its business model as set out in the activity report;
- its risk management system and loss absorption capacity;
- the resultant risk profile.

The risk appetite is used to define the level of risk accepted by the Board of Directors for a given context and in order to generate a recurrent and reliable return, while offering an optimum level of customer service and maintaining the solvency, liquidity and reputation of the Bank.

The risk seen here, that are inherent in the Group's business model, are as follows:

- credit risk and counterparty risk (articles 106 to 121 of the Decree of 3 November 2014), induced by BRED's core lending activity;
- market risk (articles 122 to 136 of the Decree of 3 November 2014);
- balance sheet risk, especially liquidity risk (Articles 148 to 186 of the Decree of 3 November 2014) and structural interest-rate risk (Articles 134 to 139 of the Decree of 3 November 2014);
- non-financial risk including non-compliance risk, legal risk, computer systems security risk and risk of fraud (Article 214 and 215 of the Decree of 3 November 2014).



The exposures and the mechanism for managing such risks are set out in the sections below.

BRED does not make commitments in business:

- conduct activities in which it is not proficient, in order to guarantee its own integrity and that of Groupe BPCE;

- involving the proprietary negotiation of financial instruments on the Bank's account, except for business that is used to finance the economy such as that set forth in Article 2 of the Law on the separation and regulation of banking activities (especially investments, healthy and prudent management of cash flow and risk coverage).

Furthermore, activities with a high risk profile and potentially high yet uncertain yield are strictly supervised.

These rules, applicable to all business areas, subsidiaries and the branch network, are designed to ensure the highest levels of ethical operations and the highest standards of transaction execution and security.

Risk and compliance culture

The Board of Directors and the accountable managers of BRED promote the risk and compliance culture at all levels of the organisation. The Risk, Compliance and Permanent Control Department coordinates the dissemination of the risk and compliance culture to all employees in collaboration with all other control divisions and/or functions.

Generally, BRED's Risk, Compliance & Permanent Control Department:

- takes part in risk management and compliance activity sessions, which are special occasions on which to discuss risk issues, to present the work carried out by various participants, and to provide training and share best practises among Groupe BPCE's institutions. The system is supplemented by dedicated working groups and meetings covering topical issues. Similarly, BRED organises this type of contact for the benefit of BRED Group entities;
- maintains a high level of regulatory awareness, notably by receiving and circulating explanatory regulatory documents and by regular interaction with other BRED Group departments and entities;
- via its executives and the Head of Risk, Compliance & Permanent Control, contributes to decisions taken by committees dedicated to the risk management function at Groupe BPCE level;
- benefits from a training programme for its employees provided by Groupe BPCE's Human Resources Department, which it adds to according to the needs for in-house training;
- maps the institution's risks overall, thus assessing its risk profile and identifying its main priority risks;
- identifies the models specific to the establishment as part of Groupe BPCE's model risk management system;
- oversees the annual review of risk appetite indicators as part of the system put in place by Groupe BPCE;
- measures the strength of the risk and compliance culture through a self-assessment based on a questionnaire of 139 questions about the risk and compliance culture, pursuant to the recommendations of FSB 2014, AFA 2017 and EBA 2018 guidelines.

More specifically, the Risk, Compliance and Permanent Control Department of BRED coordinates cross-functional projects, contributes to the effective coordination of the risk and compliance function and exercises a global supervisory role over risk matters, including those which are inherent to compliance within BRED Group.

1 - CREDIT RISK

Credit risk is the risk incurred in the event of default by a debtor or a counterparty, or several debtors or several counterparties considered as the same group of customers linked together pursuant to regulations; this risk can also be seen in the form of a loss in value of the securities issued by the defaulting counterparty.

The counterparty risk is defined as the risk of the counterparty to a transaction defaulting prior to definitive settlement of all cash flows associated with the transaction.

1.1 - Principles of credit risk management

"Information provided under IFRS 7"

1.1.1 - Organisation of credit risk management

BRED's credit risk management is based on the strict separation of the Commitments Department from the commercial functions. The Commitments Department is involved in the decision-making process and subsequent monitoring of commitments. It has employees in the regional head offices for operations which promote best practices aimed at controlling risk in a satisfactory fashion.

The Commitments Department proposes BRED's credit policy, as validated by its staff managers and approved by the Board of Directors. The Commitments Department validates the credit policies of the subsidiaries once they have been approved by their respective surveillance departments. It monitors the dissemination and correct implementation of these policies within BRED Group.

The Credit Risk Department (CRD) reports to the Risk, Compliance and Permanent Control Department, which in turn reports to the General Management. The Credit Risk Department, which is totally independent from the commercial functions and from the Commitments Department, is responsible for second level permanent controls on credit risk. It validates credit policies prior to their approval by the supervisory bodies as part of the bank's risk appetite framework.

Management of credit risk is mainly based on:

- a system of delegation of powers to specific persons, which takes into account the levels of risk and the skills and experience of the teams and is reviewed annually by the Commitments Department and Credit Risk Department;
- an internal rating system that is highly integrated into the decision-making process;
- risk-spreading criteria;
- ongoing monitoring of commitments via an automated system in order verify all positions, the maturity of repayable amounts and to monitor irregular accounts;
- reinforced detection and prevention of risks with retail, professional and corporate customers via the action of branch network employees and their hierarchy of monitoring tools;
- periodic monitoring of the quality and risk of the various portfolios via dashboards and ad hoc studies;
- permanent control by the Commitments Department through delegated officers at regional management level.

In addition, the Credit Risk Department:

- carries out joint analyses of non-delegated credit files to submit to the committee for a decision;
- analyses concentration, sector and geographic risks;
- periodically checks documents and ensures compliance with internal and Groupe BPCE limits;
- alerts the accountable managers and notifies the operational managers if a limit is exceeded;
- adds to the watchlist files whose quality is deteriorated and of concern, according to Groupe BPCE standards;
- monitors the implementation of risk reduction plans and participates in defining the necessary provisioning levels if necessary;
- implements the second level permanent control system dedicated to credit risks using the Priscop group tool;
- contributes to the work of Groupe BPCE.

The Commitments Department and the Credit Risk Department regularly organise training for staff. General training schemes on the internal management system and on credit risk control are carried out for new arrivals and network collaborators. Additionally commitment delegates work in regional Managements to provide local training. The Credit Risk Department is notably involved in the area of the Basel II internal rating system, segmentation and clustering.

Two key principles govern the decision-making process:

- prior approval is required for all credit transactions;
- delegation of the analysis and approval of dossiers at the most appropriate skill level: the commercial business line and the Credit Committee for important commitments.

Lending powers are expressed in terms of nominal and residual risk, adapted to each market and have certain usage restrictions. For the largest commitments, at least two people must take part in the decision. When they exceed €7 million for corporates, €5 million for professional customers and €4 million for retail customers, the Commitments Department must submit such requests to the Credit Committee and a counter-analysis is performed by the Credit Risk Department. The Credit Committee considers the largest commitments granted by subsidiaries.
Decision-making is carried out in compliance with unitary ceilings, whose amounts are set based on customers' size and credit quality, as expressed in an internal rating. The Credit Committee is the only body empowered to authorise commitments that exceed the unitary ceilings, on a temporary or a long-term basis.

Collection from customers is organised in two services: a friendly collection that is done at the first level and a contentious service that acts through legal means and ensures the follow-up of cases in group proceedings. Collection of the largest corporate and professional customer debts is the responsibility of the Special Situations Unit within the Commitments Department.

The Commitments Department centralises the creation of provisions for bad debts and disputed debts and monitors any related changes. Monitoring is in particular performed through a monthly Provisioning Committee meeting attended by the Credit Risk Department.

Loan pricing principles are defined by the Asset/Liability Pricing Committee, on which the Risk Department, the Markets and Marketing Department and the Networks management departments are represented. The Finance Department prepares and acts as secretary at this committee's meetings. Decisions of the Asset/Liability Pricing Committee are based on market data (rates applied by competitors and market shares) and profitability analyses produced by the Finance Department, and information from the Risk Department on the forecast cost of risk. Operators may request pricing exceptions according to a structure of delegations defined by the Asset/Liability Pricing Committee, escalating hierarchically within the networks' departments and, for the largest exceptions, up to the Finance Department.

1.1.2 - Rating policy

The measurement of credit and counterparty risks is based on rating systems adapted to each type of customer or transaction, whose performance is controlled by the Groupe BPCE Risk Management Department through the validation of the models.

Rating is a fundamental element of risk assessment.

As part of permanent control, BPCE's Risk Management Department has notably implemented central monitoring with the objective of verifying the quality of data and the proper application of Group standards in terms of segmentation, ratings, guarantees, defaults and losses.

1.2 - Monitoring of credit and counterparty risks

The risk management function is independent of the operational functions; in particular, it does not have credit approval authority and does not perform the business line analysis of commitment requests.

It implements the credit risk framework which is updated and distributed regularly by BPCE's Risk Department. This credit risk framework combines the standards and best practices to be applied in each of Groupe BPCE's establishments, as well as the management and reporting standards set by the Supervisory Board or the Management Board of BPCE on the proposal of the Group Risk and Compliance Committee. This framework is a working tool for Groupe BPCE's risk management function stakeholders. It is part of the permanent control system at Group institutions.

The BRED Group Risk Department has a strong functional link with BPCE's Risk Department, which is responsible for:

- the definition of customer risk standards;
- risk assessment (definition of concepts);
- the development of risk rating methodologies, models and systems (scoring or expert systems);
- the design and deployment of monitoring systems, standards and data quality;
- the performance of back-testing;
- the execution of credit risk stress scenarios (which may be supplemented by additional scenarios defined locally);
- the validation of assessment, permanent control and reporting standards.

In addition, BPCE centralises the monitoring of the risk management function's controls.

BRED Group's risk monitoring focuses on data quality and the quality of exposures. It is implemented through indicators for each asset class.

Groupe BPCE applies IFRS 9 "Financial Instruments", which defines the rules for classifying and measuring financial assets and liabilities, the impairment methodology for credit risk on financial assets, and the treatment of hedging transactions.

BRED Group's risk management function ensures that all transactions comply with the Group standards and procedures in force for authorised counterparties. It submits to the competent committees proposals for adding to the watchlist files whose quality is deteriorated and of concern, according to Group standards. This is the responsibility of our institution's risk management function within its own scope and the responsibility of BPCE's Risk Department at the consolidated level.

1.2.1 – Assessment of the quality of outstanding loans and impairment policies

Governance of control procedures

From a regulatory perspective, Article 118 of the Decree of 3 November 2014, as amended on 25 February 2021, relating to internal control states that "*regulated undertakings must analyse changes in the quality of their commitments at least quarterly*." For large transactions, that analysis particularly identifies any reclassification necessary within internal categories used to assess the level of credit risk, as well as any allocation of doubtful loans in the accounts and appropriate levels of provisioning.

Introduction to the watchlist (WL) at Groupe BPCE, whether to the local WL or Group WL, involves exercising enhanced supervision (performing WL) or taking provisioning decisions on certain counterparties (default WL). Statistical provisions on performing loans, calculated at the Groupe BPCE level for the networks in accordance with IFRS 9, are assessed using a methodology validated by Groupe BPCE's model comitology (reviewed by an independent management structure and validated by the *Risk Management* Models committee and the Risk, Compliance and Permanent Control Standards and Methods committee. These provisions include scenarios for changes in economic conditions determined annually using Groupe BPCE's economic research, with probability of occurrence reviewed quarterly by the Groupe BPCE watchlist and provisions committee.

The allocated provision is calculated by taking into account the present value of guaranties using a cautious approach.

Any exposure in default that is not provisioned must be subject to enhanced justification to explain the lack of provisioning.

Method of provisioning and impairment under IFRS 9

An impairment or provision for expected credit loss must be systematically recognised for debt instruments classified as financial assets at amortised cost or as financial assets at fair value through equity, financing commitments and financial guarantee contracts that are not recognised at fair value through profit or loss, as well as receivables arising from lease agreements and commercial receivables (ECLs – Expected Credit Losses).

For financial assets that have not been subject to objective indications of losses on an individual basis, impairments are recognised on the basis of observed loss history as well as reasonable and justifiable forecasts of discounted future cash flows.

Financial instruments are divided into three categories (stages) according to the deterioration in credit risk observed since their first recognition. Each category of loans has a specific credit risk assessment method:

1. Stage 1 (S1)	2. Stage 2 (S2)	3. Stage 3 (S3)
Performing loans for which there is no significant increase in credit risk since the first recognition of the financial instrument, Impairment or provision for credit risk corresponds to expected credit losses at one year	Healthy loans for which a significant increase in credit risk has been recorded since the first recognition of the financial instrument, are transferred to this category. The impairment or provision for credit risk is determined based on credit loss events expected over the remaining term of the financial instrument (credit losses expected on maturity).	Impaired assets within the meaning of IFRS 9 for which there is an objective indication of loss of value related to an event that characterises a proven credit risk (for example, non-repayment of a loan at its normal maturity, collective proceedings, unpaid debts suffered by the client, inability to finance a renewal investment, etc.) and which occurs after the initial recognition of the instrument concerned. This category covers receivables for which a default event has been identified, as defined in Article 178 of the European Regulation of 26 June 2013 relating to the prudential requirements applicable to credit institutions.

A provisioning policy is in place for Groupe BPCE corporate customers. It describes the basis for calculating the impairment of receivables and the methodology for determining individual impairment based on an expert assessment. It also defines the concepts (measurement of credit risk, accounting principles for impairment of receivables under IFRS and French standards) and data that must be contained in a non-performing debt or dispute file, as well as the essential elements to be presented in a provisioning sheet.

A corporate provisioning policy for Groupe BPCE exposures under €15 million was defined. In the section dedicated to the methodology for determining individual impairment on the basis of an expert assessment, it defines "*going concern*", "*gone concern*" and "combined" impairment approaches.

Groupe BPCE applies the contagion principle. This principle is particularly applied in the identification of groups of customer counterparties, through clustering links within those groups.

A methodology for applying haircuts to the value of guarantees in order to face unavoidable uncertainties was defined and implemented.

Forbearance, performing and non-performing exposure

A forbearance can be the result of the combination of a concession and of financial difficulties; forbearance can relate to performing or non-performing contracts.
A situation of forced restructuring, or of over-indebtedness proceedings, or any situation of default within the meaning of the Group standard requiring a forbearance measure as defined above constitutes non-performing forbearance.
The identification of these situations is based on an expert assessment guide for *forbearance* situations, particularly short-, medium- and long-term financing for non-*retail* counterparties.

1.2.2 - Crisis simulations related to credit risk

Groupe BPCE's Risk Department conducts simulations of crises related to credit risk at Group level, including BRED. The objective of the stress tests is to measure the sensitivity of the various portfolios in a degraded scenario in terms of the cost of risk, weighted assets and anticipated loss.

Stress tests are carried out on the basis of Groupe BPCE's consolidated exposures. The risk parameters are calibrated based on the specific characteristics of each major Group hub (Natixis, Crédit Foncier, the Banque Populaire network, the Caisse d'Epargne network). They cover all portfolios subject to credit and counterparty risk, irrespective of the approach used to calculated the weighted outstandings (standard or IRB approach). They are conducted based on detailed information consistent with the data supplied for Group COREP (Common Solvency Ratio Reporting) prudential reporting and portfolio risk analysis.

Three types of stress tests are carried out:

- the EBA stress test, conducted every two years, aims to test the resilience of credit institutions against simulated shocks and to compare them to each other (the EBA 2020 stress test was exceptionally postponed to 2021 due to the health crisis);
- Groupe BPCE's annual internal stress test. This test includes more scenarios than the EBA stress test and includes changes to projections across the entire balance sheet;
- specific stress tests can be performed on external (supervisor) or internal request.

1.2.3 - Credit risk reducing techniques

Credit risk mitigation techniques are commonly used within BRED Group and are different depending on whether the guarantee accepted is collateral or a personal guarantee.

A distinction is made between guarantees having an effect on recovery in the event of difficulties and those recognised by the supervisor in the weighting of exposures that reduce the consumption of capital.

Guarantees are one of the main means of reducing credit risk. Traditionally, BRED has used collateral (mortgages, pledged assets, etc.) and personal guarantees (mutual guarantee companies, BRED Habitat guarantee, CASDEN guarantees, risk-sharing, etc.). BRED has implemented a system to verify the process for entering into guarantees, incorporating validity, registration and valuation. The inclusion of guarantees in the calculation of weighted assets (credit risk reduction techniques) reduces the capital requirement related to secured commitments.

In the context of the COVID crisis, the French government extended its guarantee within the scope of the government-backed loans granted. BRED Group used this opportunity to reduce credit risk.

Definition of collateral

Collateral is a guarantee relating to one or more movable or immovable assets, the value of which has been reliably appraised, owned by the debtor or a third party which consists of granting a real right to the creditor in respect of this asset (real estate mortgage, real estate lien, lien on listed and liquid securities, lien on listed and liquid goods with or without transfers, pledges or guarantees).

This collateral has the following effects:

- reduction of the credit risk incurred on an exposure taking into account the relevant institution's right in the event of default or other specific credit events relating to the counterparty;
- obtainment of the transfer or ownership of certain sums or assets.

A personal guarantee is a guarantee which has the effect of reducing the credit risk incurred on an exposure taking into account a third party's commitment to pay an amount in the event of default or other specific credit events relating to the counterparty.

Recognition methods under the standard or IRB approach

Scope under the standard approach:	Scope under the IRB approach:	Scope of retail customers under A-IRB:
Real and personal collateral are taken into account, subject to their eligibility, through an enhanced weighting on the secured portion of the exposure. Collateral such as cash or liquid assets are deducted from the gross exposure.	Excluding retail customers, real collateral is taken into account, subject to eligibility, in the form of a reduction in the "losses given default" parameter applicable to the transactions. Personal collateral is taken into account, subject to eligibility, by substituting the guarantor's probability of default (PD) for that of the third party	Personal and real collateral is taken into account, subject to eligibility, in the form of a reduction in the "losses in the case of default" parameter applicable to the transactions concerned.

Conditions to be met to recognise guarantees

Articles 207 to 210 of Capital Requirements Regulation (CRR) No. 575/2013 set out the conditions necessary for the inclusion of collateral, in particular:

The credit rating of the debtor and the value of the instrument are not significantly positively correlated. Debt securities issued by the debtor are not eligible:

The description and valuation of the collateral are duly documented and it is subject to a rigorous procedure which allows for rapid recovery;

The bank has duly documented procedures adapted to the different types of and amounts of instruments used:

The bank determines the market value of the instrument and reassesses it accordingly, especially in periods during which the market value declines significantly.

The division of risks is a credit risk mitigation technique. The division of risks is reflected in individual or thematic limits and reduces the institutions' sensitivity to individual or sector-specific risks deemed too significant in the event of major incidents.

1.3 - Work completed in 2021

In 2021, BRED Group fully aligned its work with that of Groupe BPCE.

In the context of managing the health crisis and its economic consequences, in 2021 the Risk Department continued the special actions initiated in 2020 to strengthen the monitoring of the credit portfolio and to support BRED Group in deploying the systems put in place by the government.

The implementation of government-backed loans (PGE) has been extended until 30 June 2022. The support mechanisms for the French economy and companies was supplemented in May 2021 by the PPR (participating stimulus loan), the purpose of which is to enable SMEs and midcap companies to strengthen their financial structure and continue to invest.

While the government's economic support measures help economic players, they can also mask the emergence of fundamental financial difficulties for companies. To incorporate these effects into traditional risk indicators, Groupe BPCE launched a plan to strengthen the monitoring of credit risks, based in particular on the following measures:

- deployment of the synthetic risk indicator at the end of 2020. This indicator aims to capture, via a set of indicators, events likely to reflect our clients' difficulties, and to prioritise clients to be reviewed in order to qualify the level of risk. This indicator is primarily relevant to professionals and SMEs;
- qualification of the risk level of professional and corporate clients and formalisation of the risk level in the IT system to ensure that information is reported centrally;
- under the aegis of BPCE, strengthening of sector monitoring in order to identify, month after month, changes in the intensity of the difficulties encountered by customers under the impact of the crisis, depending on the business sector;
- reinforcement of the detection and qualification of forbearance and the establishment of qualification assistance grids to establish a uniform foundation within Groupe BPCE;
- continued analysis of forbearance based on expert opinion on the most sensitive clients to whom a government-backed loan and/or a deferral of maturities on medium- to long-term loans has been granted;
- finally, changes to the BPCE management system for loan granting practices were integrated in the following areas:
    - supervision of renewable energy financing and *leverage financing* (granting policy, limits, etc.) as well as tourism risk policies related to hotels and restaurants and home loans, in connection with the *Haut Conseil de Stabilité Financière* (financial stability board) decision;
    - enhancement of the common base of permanent controls: PPR, forbearance, New Definition of Default (NDOD).

Finally, the consequences of the health crisis continue to be included in BRED Group's cost of risk. The sector provisions implemented in 2020 were maintained in their entirety. Additional provisions were formed to take into account the specific features of BRED Group's operations in the West Indies and the Asia-Pacific region.

1.4 - Statistics on exposure to credit risk

1.4.1 - Breakdown of gross exposures by category (credit risks, including counterparty risks)

Credit risk - Exposures

In millions of euros	31/12/2021				31/12/2020
	Standard	IRB	SEC ERBA	Total	Total
National governments	520.7	13,148.3	-	13,669.1	15,112.3
Regional or local governments	191.5	-	-	191.5	229.0
Public sector entities	517.5	-	-	517.5	772.0
Institutions	10,568.1	2,856.4	-	13,424.5	14,132.7
Non-Financial	5,477.1	13,358.2	-	18,835.3	15,995.9
Retail customers	430.3	21,364.2	-	21,794.5	19,741.9
MBS exposures	1,735.9	-	-	1,735.9	1,522.1
High-risk exposures	232.6	-	-	232.6	470.2
Exposures in default	334.1	-	-	334.1	298.6
Investments made in the form of units or shares of undertakings for collective investment (UCIs)	305.8	-	-	305.8	45.6
Shares	-	1,902.8	-	1,902.8	1,486.7
Securitisation	-	-	2,087.6	2,087.6	1,623.7
Other assets	-	1,762.2	-	1,762.2	1,910.4
Total	**20,313.7**	**54,392.1**	**2,087.6**	**76,793.4**	**73,341.1**

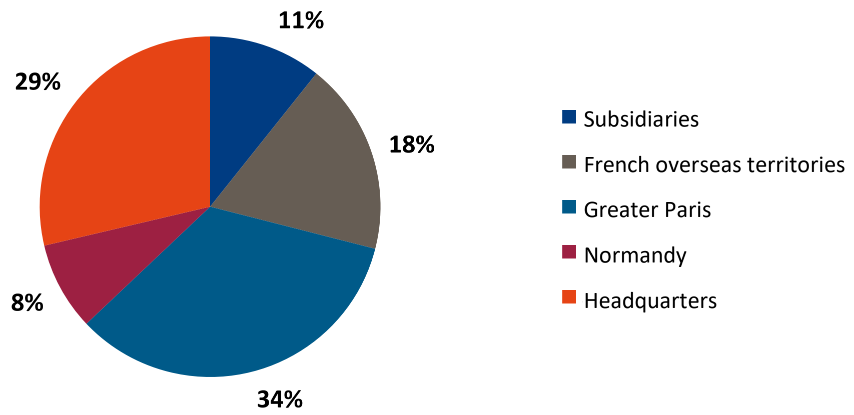
Credit risk - Exposures and RWAs

In millions of euros	31/12/2021		31/12/2020		Change	
	Gross exposure	RWA	Gross exposure	RWA	Gross exposure	RWA
National governments	13,669.1	542.1	15,112.3	604.7	-1,443.2	-62.6
Regional or local governments	191.5	18.3	229.0	26.3	-37.5	-8.0
Public sector entities	517.5	148.9	772.0	145.6	-254.5	3.3
Institutions	13,424.5	1,125.4	14,132.7	995.5	-708.2	129.9
Non-Financial	18,835.3	11,773.7	15,995.9	10,039.8	2,839.4	1,733.9
Retail customers	21,794.5	3,187.0	19,741.9	2,958.0	2,052.6	229.0
MBS exposures	1,735.9	639.2	1,522.1	580.4	213.8	58.8
High-risk exposures	232.6	326.0	470.2	622.7	-237.6	-296.7

Exposures in default	334.1	203.1	298.6	124.5	35.5	78.6
Investments made in the form of units or shares of undertakings for collective investment (UCIs)	305.8	833.1	45.6	100.1	260.2	733.0
Shares	1,902.8	6,193.8	1,486.7	5,613.2	416.1	580.6
Securitisation	2,087.6	360.1	1,623.7	334.2	463.9	25.9
Other assets	1,762.2	559.0	1,910.4	656.0	-148.2	-97.0
Total	**76,793.4**	**25,909.7**	**73,341.1**	**22,801.0**	**3,452.3**	**3,108.7**

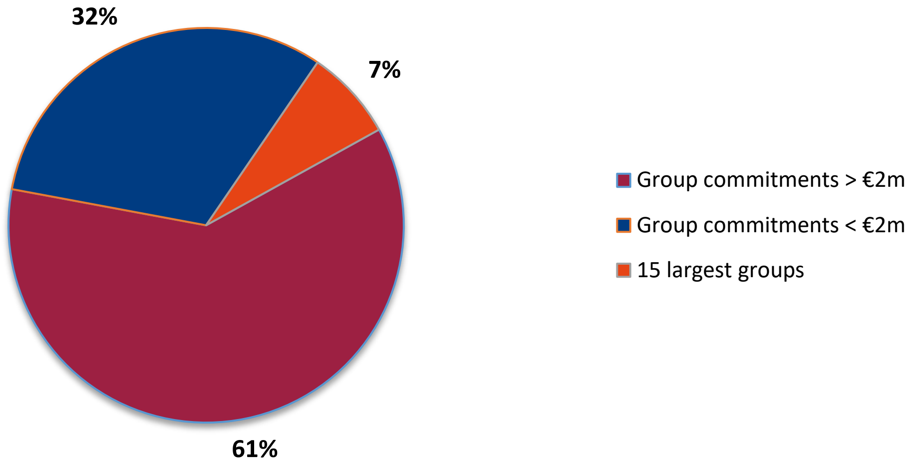
1.4.2 - Concentration risk

Geographic distribution of commitments



As concerns geographic distribution, employment has in general remained stable from one year to the next: Greater Paris Region network (34%), Head Office (29%), Overseas Departments network (18%), Subsidiaries (11%), Normandy network (8%).

Concentration of corporate and professional groups' outstanding loans by size for BRED SA



The largest 15 groups represent 7% of commitments.

1.4.3 - Hedging of doubtful debt

Hedging of doubtful debt

In millions of euros	2021	2020
Gross outstanding customer credit and credit institutions	48.4	43.2
Of which S3 outstandings	1.4	1.3
Rate of doubtful outstandings/gross outstandings	2.9%	3.0%
Total S3 impairments recognised	0.7	0.7
Impairments recognised/doubtful outstandings	51.5%	55.3%

1.4.5 - Performing and non-performing exposures

Quality of performing exposures by number of days overdue at 31 December 2021

	Gross carrying amount/Carrying amount		
	Performing exposures		
In millions of euros		Not overdue or overdue ≤ 30 days	Overdue > 30 days <= 90 days
Current accounts with central banks and other demand deposits	**4,130**	**4,130**	**-**
Loans and advances	**43,507**	**43,398**	**109**
Central banks	-	-	-
General governments	1,777	1,777	-
Credit institutions	6,752	6,752	-
Other financial companies	1,576	1,576	-

Non-financial corporations	17,436	17,371	64
Of which SMEs	8,376	8,315	61
Households	15,967	15,922	45
Debt securities	**15,230**	**15,230**	**-**
Central banks	62	62	-
General governments	10,827	10,827	-
Credit institutions	457	457	-
Other financial companies	2,811	2,811	-
Non-financial corporations	1,075	1,075	-
Off-balance Sheet Exposures	**10,707**	**-**	**-**
Central banks	-	-	-
General governments	348	-	-
Credit institutions	1,877	-	-
Other financial companies	1,256	-	-
Non-financial corporations	5,808	-	-
Households	1,418	-	-
Total	**73,575**	**62,759**	**109**

Quality of non-performing exposures by number of days overdue at 31 December 2021

In millions of euros	Gross carrying amount/Carrying amount Non-performing exposures								
		Payment unlikely, but not overdue or overdue ≤ 90 days	overdue > 90 days ≤ 180 days	overdue > 180 days ≤ 1 year	overdue > 1 year ≤ 2 years	overdue > 2 years ≤ 5 years	overdue > 5 years ≤ 7 years	Overdue > 7 years	Of which: in default
Current accounts with central banks and other demand deposits	**1**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**1**
Loans and advances	**1,423**	**1,215**	**43**	**28**	**70**	**38**	**1**	**30**	**1,423**
Central banks	-	-	-	-	-	-	-	-	-
General governments	*2*	*2*	-	-	-	-	-	-	*2*
Credit institutions	*5*	*0*	-	-	-	*5*	-	-	*5*
Other Financial Companies	*26*	*26*	-	-	-	-	-	-	*26*
Non-Financial Companies	*888*	*768*	*22*	*12*	*31*	*25*	*0*	*30*	*888*
Of which SMEs	*523*	*432*	*15*	*9*	*31*	*6*	*0*	*30*	*522*
Households	*503*	*420*	*20*	*16*	*38*	*8*	*1*	*0*	*203*
Debt securities	**10**	**10**	**-**	**-**	**-**	-	**-**	**-**	**10**
Central banks	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial companies	-	-	-	-	-	-	-	-	-
Non-financial corporations	*10*	*10*	-	-	-	-	-	-	*10*
Off-balance Sheet Exposures	**69**								**62**
Central banks	-								-
General governments	*0*								*0*
Credit institutions	-								-
Other Financial Companies	*2*								*2*
Non-financial corporations	*59*								*52*
Households	*8*								*8*
Total	**1,502**	**1,225**	**43**	**28**	**70**	**38**	**1**	**30**	**1,495**

Performing and non-performing exposures and associated provisions as at 31 December 2021

In millions of euros	Gross carrying amount/Carrying amount		Accumulated impairment, or accumulated negative changes in fair value due to credit risk and provisions		Accumulated partial write-offs	Collateral and guaranties received	
	Performing Exposures (PE)	Non-performing exposures (NPEs)	PEs – cumulative impairments & provisions	NPE - Accumulated impairments, cumulative negative changes in fair value due to credit risk and provisions		On PEs	On NPEs
Current accounts with central banks and other demand deposits	**4,130**	**0**	**- 0**	**- 0**		**0**	**0**
Loans and advances	**43,507**	**1,423**	**- 284**	**- 732**		**20,834**	**602**
Central banks	*0*	*0*	*0*	*0*		*0*	*0*
General governments	*1,777*	*2*	*- 0*	*- 1*		*9*	*0*
Credit institutions	*6,752*	*5*	*- 6*	*- 5*		*0*	*0*
Other financial companies	*1,576*	*26*	*- 0*	*- 8*		*7*	*0*
Non-financial corporations	*17,436*	*888*	*- 222*	*- 487*		*7,944*	*330*
Of which SMEs	*8,376*	*523*	*- 139*	*- 274*		*5,406*	*247*
Households	*15,967*	*503*	*- 56*	*- 232*		*12,874*	*271*
Debt securities	**15,230**	**10**	**- 3**	**- 4**		**69**	**0**
Central banks	*62*	*0*	*- 0*	*0*		*0*	*0*
General governments	*10,827*	*0*	*- 0*	*0*		*0*	*0*
Credit institutions	*457*	*0*	*- 0*	*- 0*		*67*	*0*
Other financial companies	*2,811*	*0*	*- 1*	*0*		*2*	*0*
Non-financial corporations	*1,075*	*10*	*- 2*	*- 4*		*0*	*0*
Off-balance Sheet Exposures	**10,707**	**69**	**- 30**	**- 34**		**1,194**	**8**
Central banks	*0*	*0*	*0*	*0*		*0*	*0*
General governments	*348*	*0*	*- 0*	*0*		*0*	*0*
Credit institutions	*1,877*	*0*	*- 4*	*- 0*		*0*	*0*
Other financial companies	*1,256*	*2*	*- 1*	*- 2*		*0*	*0*
Non-Financial Companies	*5,808*	*59*	*-19*	*- 25*		*423*	*5*
Households	*1,418*	*8*	*-6*	*- 8*		*771*	*3*
Total	**73,575**	**1,502**	**- 317**	**- 770**		**22,097**	**610**

2 - MARKET TRANSACTION RISK

Market risk is defined as the risk of losses related to variations in market parameters.

Market risk is made up of four main components:

- Interest rate risk: the risk that the holder of a credit or debt security faces when there is a change in interest rates; this risk can specifically relate to one particular issuer or to one particular category of issuers whose rating is lowered (credit spread risk);
- Exchange rate risk: the risk that affects the holder's assets and securities denominated in market-traded currencies other than the national currency when there are variations in currency exchange rates;
- Price variation risk: the price risk of the position held in a certain financial asset can change, in particular share prices;
- Risk of variation in other valuation parameters: volatility of under-lying values, distributed dividends, liquidity margin, correlation of the under-lying, etc.

2.1 - Principles of market risk management

"Information provided under IFRS 7"

2.1.1 - General organisation

BRED's main market risks are linked to the activities of the Trading Desk and the Finance Department.

The organisation of Trading Desk activities is structured around five internal units at BRED Group's consolidated level:

- Network Solutions – the purpose of which is to connect the convergent needs of companies looking for financing and institutional customers looking to make investments by structuring operations, offering fixed-income, foreign exchange and investment products to customers in the retail network;
- Market solutions – Monetary intermediation, the purpose of which is to maintain a commercial relationship with market professionals who have standard interests in the money market;
- Market Solutions – Liquidity Department, the purpose of which is to offer liquidity services on BRED's authorisation (deposits, repos) to market professionals who have standard interests in the money market and management of the associated liquidity;
- Market Solutions – Investment Solutions, the purpose of which is to maintain a commercial relationship with market professionals who have standard investor interests (issue and distribution of securities, fixed income derivatives and equities);
- Organised markets – the purpose of which is making markets (quoting shares and interest-rate futures).

The control mechanism set up to ensure compliance with the provisions of the law on the separation of banking activities has been enhanced by the implementation of regular analysis reports and daily warning indicators.

The Finance Department comprises three internal units:

- Balance Sheet Management, whose activities are described below (in the paragraphs concerning balance sheet risk);
- Treasury, whose activities are described below (in the paragraphs concerning balance sheet risk);
- Consolidated Management of Investments (CMI), which manages a portfolio of assets with the intention of holding them over the medium and long term. The investment objective is to benefit from recurring revenues and build up unrealised capital gains. The CMI is linked to NJR, a BRED Group subsidiary that invests mainly in securitised assets eligible for central bank refinancing and in real estate assets.

The Modelling Department, reporting to the Risk, Compliance and Permanent Control Department, is notably responsible for:

- producing risk measurement data;
- designing and managing risk valuation models;

- verifying the market parameters used;
- daily calculation of compliance with limits;
- reporting on market risks and performance;
- developing and monitoring tools;
- production of the Trading Desk's combined Net Banking Income (NBI) and its analysis by risk factor.

The Market Risk Department:

- identifies and maps market risks;
- supervises the definition of market risk measurement methods and standards;
- validates, at both the functional and theoretical levels, the risk valuation models and methods proposed by the Modelling Department;
- draws up a proposed framework for managing market risks;
- contributes to second level controls on the quality of risk data and results;
- conducts a specific control on compliance with good practices defined in the Lagarde report;
- monitors the evolution in risk indicators especially vis-à-vis defined limits and ensure exceeded limits are resolved;
- performs ex-post controls of the proper application of the decisions issued by the relevant market risk committees;
- regularly informs executive and supervisory bodies;
- monitors compliance with the risk mandates;
- analyses the *front office* NBI on the basis of the combined NBI provided by the Modelling Department and produces the relevant report;
- heightens staff awareness of market risks and contributes to their risk training.

Operational management takes place within the framework of mandates issued to operational staff. These risk mandates comprise a pre-defined set of limits and authorised products. Market limits and possible limits exceeded are submitted to the Council's Committee on Risk and to the Board of Directors.

Several committees are involved in defining the risk management framework for market activities:

- the Committee for Coordination of the Control Functions (CCFC), which ensures that the BRED Group's internal control is managed by the executive;
- the Financial Strategy Committee, which sets the general guidelines for the Bank's financial strategy;
- the Financial Markets Committee, which monitors market activities and risk exposure on a regular basis. It is notably in charge of setting market limits and authorising new products or activities relating to market activities;
- the Investment Committee, which decides on BRED Group's financial investments, excluding the Trading Desk;
- the Credit Committee, which sets the credit and counterparty risk limits for transactions with all third parties when these are not covered by the unitary division limits;
- the Market Activities Change Management Committee, which reviews new products and possible IT developments within the scope of market activities;
- the Market Activities Accounting Committee, which deals with accounting issues;
- the Coordination Committee for the fight against fraud;
- the Compliance Committee, which monitors the risk of non-compliance and the action plans put in place to rectify such risks;
- the Risk-takers Committee which notably examines any authorisation levels that have been exceeded and other events that may constitute a breach of the risk mandates.

2.1.2 - Recording transactions

The back office (BO) is responsible for controlling and validating transactions. Any trade carried out by a market trader is imported into the back-office information system. BO operational staff are then responsible for:

- validating the trade through the confirmation from the counterparty and/or broker;
- post-trade operations (settlement/delivery, verification of contracts or SWIFT messages depending on the product).

The audit trail of the back-office information system makes it possible, for each occurrence (creation, modification, elimination) to find: the date; the transaction identifier, the person who created or modified it, the type of modification, and the cancellation or re-entering.
Front Office operators cannot change or cancel any transaction in the Back Office systems.

2.1.3 - Compensation

In accordance with the latest regulatory requirements, based on proposals by General Management and after examination by the Compensation Committee, BRED's Board of Directors determines the principles governing variable compensation paid to employees performing activities that could have an impact on the Bank's risk profile, particularly market traders.

These principles are designed to ensure that such employees and the Bank have the same interests with regard to risk management.

2.2 - System for measuring and following up on market risk

"Information provided under IFRS 7"

BPCE monitors BRED's capital markets activity as part of consolidation carried out for Groupe BPCE. BPCE and BRED work jointly together on this follow-up.

Overall market risk is measured using a variety of indicators, as described hereafter. Synthetic measurements of risk values (or "VaR") make it possible to know the potential losses each activity can lead to, with a given degree of confidence (example: 99%) and a holding horizon for the day's positions. These indicators are calculated and monitored on a daily basis for all BRED's trading activities.

Two VaR indicators are calculated for the scope of BRED's trade activities: one is calculated by BPCE using Groupe BPCE's methods and econometrics; the other is calculated by BRED using a parametric variance-covariance model based on historic econometrics.

The calculation of capital requirements thus generated also provides a synthetic measure of overall risk and of each type of risk. BRED calculates requirements for equity on the basis of market risk according to the standard method. Beyond the quarterly calculation carried out for regulatory reporting purposes, equity requirements for the capital markets activity are calculated daily.

Stress testing consists of measuring potential losses for the portfolios in extreme market conditions. Two types of stress tests are calculated: historic stress tests, calibrated on past market events and hypothetical stress tests based on stress scenarios based on what an expert says. These scenarios are defined at Group level by BPCE.

Finally operational indicators make it possible to evaluate the risks linked to the activity, overall and/or by desk and therefore to monitor them; these are volumetric indicators of sensitivity or of diversification, but also of thresholds of loss alert. These indicators cover the various risk factors of market activities. They also include alerts for unusual transactions, making it possible to identify them based on their amounts or on their other characteristics, given the history of activity.

All of these indicators are calculated daily with a tool basing itself on an external computer programme product and recovered in a follow-up tool developed internally by the Modelling Department. This last tool also daily calculates when certain set limits are reached.

In addition, counterparty risk measurement software – also developed in-house by the Modelling Department – is used to measure credit and counterparty risk on an individual basis and an aggregate basis by group of counterparties. The follow-up includes default risks as well as market value losses in the event of default by a counterparty. The tool also monitors consumption of allocated credit limits on a daily basis.

Monitoring reports on the information and results are produced and provided and presented to the executive managers and supervisory body, and to BPCE, on a weekly or monthly basis using a format tailored to each audience as required.

In addition, a dashboard is prepared each quarter, then presented to the Financial Markets Committee and forwarded to the ACPR.

2.3 - The permanent control system for market risk

"Information provided under IFRS 7"

First level controls are to be carried out by market business operations and their hierarchy who should ensure continuous adaptation in their organisation and their procedures in order to meet the goals set for internal control, as well as continuous monitoring of the limits set for them. The Trading Desk has a middle-office team dedicated to first level control. The hierarchy of the Floor calculates the daily result of transactions and ensures first level control.

For the back office, first level controls include:

- daily reconciliation of positions performed automatically between the front office (FO) and back office (BO) software applications, and real-time validation of transactions, based on supporting data;
- various monthly reconciliations of flows between the FO and BO applications to verify that the flows calculated in the FO systems match those actually paid or received.

A BO team, in charge of checking results, ensures control by regularly reconciling the FO business data with the BO accounting data. Additionally, the combined NBI produced by the Modelling Department enables controls to be carried out, notably by the Market Risk Department.

The Market Risk Department ensures a follow-up on the use of limits and checks that they are respected. Should they be exceeded this is reported on a weekly basis to the present leaders.

In addition to the limits, a warning system was put in place and consumption above a 90% threshold is now also monitored. The warning system also comprises indicators reflecting compliance with the requirements of French banking legislation. The Market Risk Department also verifies compliance with the risk mandates, particularly with regard to the products authorised per internal unit and the appropriateness of their strategies. The model validation team approves the calculation methods (developed by the Modelling Department), valuation methods and risk indicators.
The Financial Audit function, reporting to the Finance Department, is responsible for controlling the accounting risks associated with market transactions.

Permanent controllers ensure the control of FO and BO procedures. In particular, they report the operational and technical risks linked to the validation, confirmation and execution processing chain. They report the audit results to the Risk Department, Financial Audit and the Investment Services Compliance Department.

2.4 - Statistics on exposure to market risk

2.4.1 - Equity requirements

"Information provided under IFRS 7"

The calculation of risk weighted assets (RWA) that determines the need for equity, gives a synthetic measurement of global risk and of the kind of risk.

RISK-WEIGHTED ASSETS BASED ON MARKET RISK

BRED Group - in millions of euros	**31/12/2021**	31/12/2020
Interest-rate risk	723	703
Foreign-exchange risk	469	334
Ownership, commodities and gold risk	368	169
Total	**1,561**	**1,206**

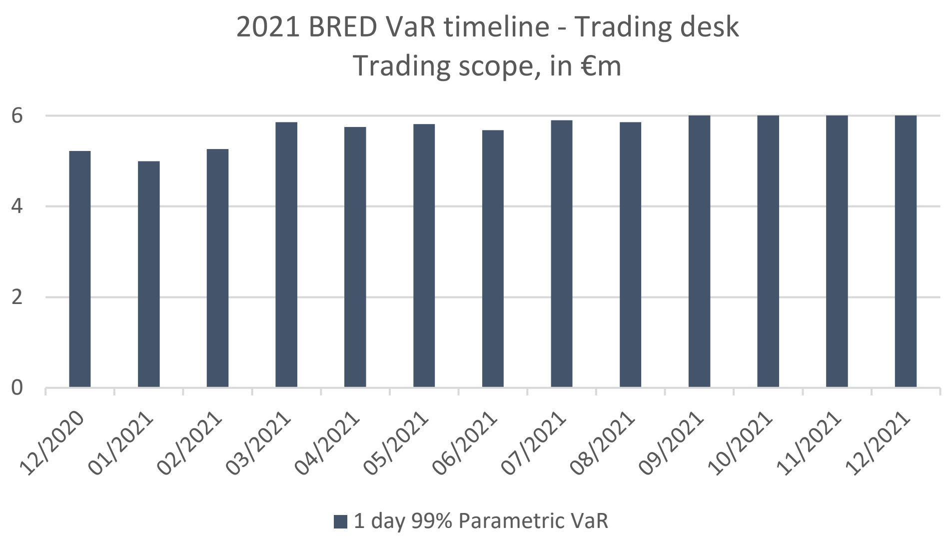
RISK WEIGHTED ASSETS BASED ON MARKET CREDIT RISK EXPOSURE

Trading Desk and CMI - in millions of euros	**31/12/2021**	31/12/2020
Counterparty risk	715	819
Credit risk	2,724	2,188
Total	**3,440**	**3,008**

2.4.2 - Value-at-Risk

"Information provided under IFRS 7"

The BRED VaR in question is a VaR of 99%, one day, determined based on a parametric variance-covariance model and calculated for the trading portfolio.



VaR was up slightly year-on-year, standing at €6.2 million at 31/12/2021 (compared with €5.8 million at 31/12/2020). This uptick was mainly due to the increase in the trading room's balance sheet over the year. Year-on-year changes mainly arise from fluctuation in market-making positions in equities.

2.4.3 - Issuer risk on market activities

"Information provided under IFRS 7"

Issuer risk on market activities

In millions of euros	31/12/2021	31/12/2020
Sovereign	**13,788**	*13,666*
Interbank	**3,191**	*2,665*
Secured bonds	**82**	*94*
Corporate	**2,013**	*1,737*
Securitisation	**3,021**	*2,417*
- of which Trading Desk	***594***	*462*
- of which Investment	***2,427***	*1,954*
TOTAL	**22,095**	**20,579**
Of which off-balance sheet	***2,255***	***1,927***

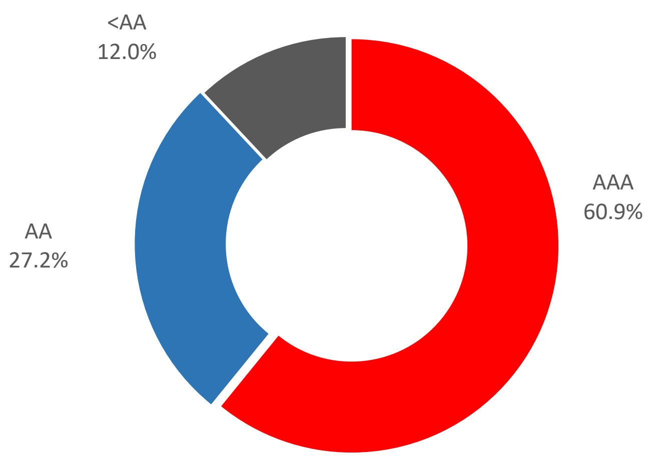
Total BRED scope, excluding securitisations of BRED receivables carried by BRED. The off-balance sheet counterparty risk is calculated based on the replacement value plus an add-on amount determined by reference to volatility and designed to cover any subsequent fluctuation in the replacement value.

The level of exposure to issuer risk is up slightly, particularly on interbank outstandings.

2.4.4 - Rating risk on sovereign debt

More than 88% of the portfolio of sovereign securities has AA ratings or better as of 31 December 2021.

Breakdown according to ratings of exposure to sovereigns



3 - BALANCE SHEET RISK

"Information provided under IFRS 7"

Structural balance sheet risk is constituted by an immediate or future risk of loss due to variations in commercial or financial parameters and the balance sheet structure for the activities of the banking portfolio, excluding own-account transactions.

Structural balance sheet risk has three main components:

- the liquidity risk and the risk for the institution of being unable to meet its commitments or being unable to close out or offset a position due to the market situation or idiosyncratic factors, within a reasonable time period and at reasonable cost (Decree of 3 November 2014). Liquidity risk is also associated with the inability to convert non-liquid assets into liquid assets;
- the overall interest rate risk is the risk incurred in the event of a variation in interest rates on all on-balance-sheet and off-balance-sheet transactions, excluding any transactions subject to market risk (Decree of 3 November 2014);
- the structural foreign-exchange risk affects receivables and securities denominated in foreign currency due to variations in the rates of these currencies when expressed in national currency.

3.1 - Principles of balance sheet and treasury risk management

3.1.1 - General organisation

The management and follow-up of balance sheet and treasury risk involves two operational departments, the ALM Department (DALM) and the Treasury Department, and two second level control departments, the Balance Sheet Risk Department (DRB) and the Market Risk Department.

The Treasury Department (DTRE), created at the end of 2014 in application of the French law on segregation and regulation of banking activities (Law 2013-72) and the Decree of 9 September 2014, is responsible for implementing the cash management strategy and has no market activities other than for the purpose of sound and prudent cash management.

The balance sheet and treasury risk management activities are supervised by the following monthly committees:

- the Financial Strategy Committee (CSF), which approves BRED Group's strategic orientations, particularly in the area of asset/liability management. It decides on matters of structural importance in the areas of refinancing, asset allocation and ALM/Treasury policy;
- the Financial Markets Committee (CMF) which, as well as monitoring market activities, approves any proposed changes to the list of authorised financial instruments for the ALM Department and the Treasury Department (DTRE). It fixes BRED Group internal limits governing the balance sheet and treasury management operations, particularly for rates and liquidity risks. When notified by the Risk Department, the Financial Markets Committee reviews any breaches of limits. In addition, the ALM Department presents to the Financial Markets Committee a periodic review (at least quarterly) of the Bank's ALM balances and the DRB presents a quarterly summary of its ALM checking work;
- the Asset/Liability Pricing Committee (COTAP) approves the Bank's pricing policy, in particular with a view to balancing assets and liabilities and the costs of expected risk.

The Board of Directors and the Risk Committee for BRED's Board regularly receive reports on risk management.

3.1.2 - Role of the ALM Department (DALM)

The ALM Department, reporting to the Finance Department, manages assets and liabilities as well as macroeconomic hedging for the Bank's risks in a financial crisis scenario. The ALM Department is responsible for managing the financial structures of the Bank and its subsidiaries on a consolidated basis. Its range of activities includes asset / liability management, refinancing (outside the perimeter devolved to the Treasury Department, as indicated below) and the management of liquidity reserves, equity and solvency.

In this regard, and as part of the ALM limits set for it, the ALM Department is responsible for entering into (with regard to BRED) and monitoring (with regard to BRED and its subsidiaries) the following categories of financial transactions:

- Liquidity management covering the refinancing operations of BRED, the loans to the subsidiaries, the management of cash reserves, for the ALM portion, in coordination with the Treasury Department (LCR or Banque de France); the latter include all the eligible collateral that could be used for the purpose of operational liquidity management, as well as its eventual structuring. The ALM Department defines the liquidity management policy one week ahead and beyond, notably in terms of managing ratios. Alongside the Treasury Department, it is responsible for the business continuity plan (BCP) relating to liquidity;
- The management of interest-rate risk, inflation risk and hedging transactions aimed at protecting BRED Group's earnings over the long term, and in particular its interest margin;
- The management of group solvency: any market transaction aimed at reinforcing the group's solvency, including issuing market securities eligible for the bank's regulatory capital;
- The management of structural exchange-rate risk: any transaction making it possible to guarantee that all the currency positions that are held by BRED Group will be maintained at lower levels than the established limits.

The macroeconomic hedging activity is designed to protect the Bank in the event of a serious economic or financial crisis. Hedge positions are decided by the CEO after consultation with the Risk Department on recommendations issued by the ALM Department, which subsequently manages the implementation and monitoring process. The ALM Department gives a presentation on current hedging positions at each Financial Strategy Committee meeting, covering the following aspects:

- their financial impact over the past period;
- the scenarios covered by the hedging positions with quantification of the risk related to the scenarios and the potential protection offered by the hedge;
- the economic factors that would lead to positions being lifted;
- the principles according to which the planned strategies no longer apply.

The ALM Department is also responsible for strategic supervision of the Capital Markets Department's activities on its own portfolio of collateral.

The balance sheet management implemented by the ALM Department is notably based on the standards set out by the BPCE Asset/Liability Management Department as well as on the specific rules used by General Management.

Finally, the ALM Department assumes the following roles with the consolidated subsidiaries of BRED within the framework of its defined responsibilities:

- provision of measurement tools for liquidity and rates;
- analysis, advice and suggested action to cover these risks;
- intermediation for refinancing and rates hedging and inflation.

Any ALM-type operation carried out by a BRED Group entity must be pre-authorised by the head of the ALM Department or the Financial Director.

3.1.3 - Role of the Treasury Department (DTRE)

The Treasury Department, reporting to the Finance Department, defines the policy in terms of treasury operations accompanied by a supporting arrangement, which is approved by the General Management following advice from Risk Management. Its main aim is to guide the intra-day flows and to manage the treasury forecasts in order to ensure daily balances and short-term financial security.

The treasurer applies treasury management policies and checks the equilibrium between the daily refinancing capacities of the Bank and the impacts of the development of its business on the treasury. Its activity consists primarily of managing various portfolios of cash transactions, corresponding to assets and liabilities held to balance BRED's cash position (Trading Desk and commercial banking). These consist of interbank transactions (repos and reverse repos, lending and borrowing), transactions with the European Central Bank and balancing of accounts in all currencies.

The Treasury Department may demand transactions to be executed by the Trading Desk and/or by the ALM Department.

In this respect, it:

- determines the euro and foreign currency cash positions and transmits them to the Trading Desk for hedging transactions in the money market. These transactions are recorded in special portfolios monitored by the Treasury Department;
- guides intra-day euro flows, monitors the investment systems, the BPCE and correspondent accounts and ensures that the utilisation limit for the Pool 3G credit line is not surpassed;
- ensures that security collateral funds are consistent with treasury intra-day deficits and, in the event of any imbalance, proposes adjustments to the Financial Markets Committee;
- is authorised to activate the liquidity Business Continuity Plan and implement first-line security measures, after having informed the Financial Director, the Risks Director and the ALM Department. It defines and maintains liquidity Business Continuity Plan;
- issues final payment authorisations and payment orders (cashier function), after input by the *front office* and control/ validation by the *back office*;
- provides an opinion on the compatibility of treasury impacts of strategic developments or new business;
- collaborates with the Risk Department in drawing up the control framework for liquidity and settlement-delivery risks;
- coordinates the Bank's cash flow forecasts with the commercial departments (Trading Desk, Network) that communicate their forecast flows and with the *Back Office* teams that record the transactions.

The Treasury Department accordingly has the power to limit or block same-day value transactions.

3.1.4 - Role of the Balance Sheet Risk Department (DRB)

The Balance Sheet Risk Department under the Model, Balande Sheet and Insurance Risks Department, is responsible for second level control of the balance sheet risk of the financial management activities. It verifies the proper application and relevance of first level controls implemented and checks the reliability of risk generating processes.

Its main tasks in this respect are to:

- supervise the definition of first level control standards and methods;
- validate the risk monitoring system, check the reliability of the parameters and measurement methods used and reconcile accounting and management data;
- contribute to defining and developing the ALM risk management system (risk indicators, limit systems), subject to validation by the competent committees in this respect or by the General Management;
- verify ex-post the proper application of the control, modelling and measurement standards and methods and the financial risk decisions approved by the relevant committees;
- define and implement a second level control plan for BRED and BRED Group ALM risk; define and supervise the implementation of second level control plans for ALM risk at the subsidiaries;
- monitor changes in structural balance sheet risk for BRED Group and in compliance with ALM limits;
- verify the production of balance sheet risk monitoring reports;
- produce summary reports and notify the executive or decision-making bodies when necessary;
- monitor the implementation of corrective measures and the resolution of breached limits.

3.1.5 - Role of the Market Risk Department (MRD)

The Market Risk Department conducts second level control of market operations carried out within the framework of the defined responsibilities of the ALM and Treasury Departments, as set out above (in the paragraphs concerning Market Operations).

3.1.6 - Role of Groupe BPCE departments

These tasks are carried out in liaison with Groupe BPCE's Finance and Risk Departments, which are responsible for defining and approving:

- ALM agreements (run-off rates in particular);
- monitoring indicators and reporting rules and frequency;
- reporting practices and procedures, control standards relating to the reliability of measurement systems, limit setting and limit-breach management procedures and the follow-up of action plans.

The control and management framework is defined in the BPCE ALM guidelines and BPCE risk guidelines. These set forth all the assumptions, modelling rules, conventions and scenarios for producing risk indicators and the controls that must be implemented. These standards are defined by the Groupe BPCE operational ALM Committee (for the ALM guidelines) and are approved by a Risk Committee and Group Compliance or by the Strategic Group ALM Committee. The framework defined at the Groupe BPCE level is added to according to BRED Group's specific needs, particularly with regard to the limits applicable to subsidiaries and the taking into account of the capital markets activity.

3.2 - System for measuring and monitoring balance sheet risk

3.2.1 - Tool and reporting

BRED's measurement of balance sheet risks is based on a Groupe BPCE tool. On a quarterly basis, the ALM Department inputs BRED Group's balance sheet data into the application, which produces measurement indicators, including:

- static liquidity gaps, which measure balance sheet in runoff circumstances;
- static interest-rate gaps, which measure balance sheet run-off broken down by indexation rate. The interest-rate gap set enables the calculation of a regulatory indicator subject to a limit: the SOT (supervisory outlier test) indicator. It is used for financial communications (market benchmark). This indicator has not been adopted as a management indicator, although the regulatory limit of 20% applicable to it must be respected;
- Economic Value of Equity (EVE), which measures the sensitivity of the economic value of equity. Calibration of the limit on this indicator is based on the following two observations: the retail banking model cannot lead to a structural detransformation position (major risk on the replacement of demand deposits), or to a directional position generating gains in the event of a drop of 200 basis points in interest rates. The limit system must be independent of interest rate expectations so that the Bank can be resilient in the event of an unexpected and high-scale interest rate shock, which is a separate reflection of the hedges to be put in place;
- the sensitivity of the net interest margin (NIM) measured over the next four rolling years. Over a management horizon, in four rolling years, it measures the sensitivity of our results to interest rate fluctuations, business forecasts (new business and changes in customer behaviour) and sales margins.

3.2.2 - At subsidiary level

The risk measurements reported to Groupe BPCE are aggregated at BRED Group level. The ALM Department draws up measurement indicators by subsidiary based on the data entered into the Groupe BPCE management application. The indicators produced for BRED Group subsidiaries include static interest rate and liquidity gaps, sensitivity of the interest margin to interest rate shocks and liquidity gaps in stress situations. These indicators are calculated with the agreements defined at Groupe BPCE level. They are the subject of dedicated reports sent to the subsidiaries concerned. The limits that apply to each subsidiary are approved by their decision-making bodies.

3.2.3 - Additional monitoring indicators

In addition to the Groupe BPCE indicators defined above, BRED relies on the internal measurement of interest-rate risk. This makes it possible to break down the interest-rate risk by management entity within BRED Group. Liquidity gaps are also calculated on a monthly basis using a market-risk monitoring application. The regulatory liquidity indicators (notably the LCR ratio) also provide a measurement of liquidity risk.

3.2.4 - Communication with accountable managers and the Board of Directors

The Chief Executive Officer chairs the Financial Strategy Committee and the Financial Markets Committee. The Risk Department reports any breaches of limits to General Management. The Finance and Risk departments report regularly to the Board of Directors on balance sheet risk. The Risk Department also reports to the Board's Risk Committee.

3.2.5 - Outstanding financial instruments subject to index reform

The table below shows the financial instruments by index to be transitioned as part of the index reform. The data presented are derived from the asset management databases at 31 December 2021 and take into account the following agreements:

- financial assets and liabilities excluding derivatives are presented on the basis of their nominal value (outstanding capital, excl. provisions);
- repurchase agreements are broken down by EONIA, EURIBOR and LIBOR index before netting;
- for derivatives with a borrowing leg and a lending leg, each exposed to a benchmark rate, the two legs have been reported in the table below to effectively reflect BRED Group's exposure to benchmark rates on these two legs.

in millions of euros **Index**	Total financial assets excl. derivatives	Total financial liabilities excl. derivatives	Derivatives
EONIA	-	-	-
EURIBOR	5,480.9	373.2	30,495.9
USD LIBOR	306.8	-	13,788.3
GBP LIBOR	178.2	-	736.9
JPY LIBOR	-	-	2,654.0
CHF LIBOR	0.3	-	373.5

3.3 - Permanent control of balance sheet risks

To ensure efficient supervision of balance sheet risk, carried out at first level by the ALM Department and at second level by the Balance Sheet Risk Department, the departments have put in place a system of first and second level controls.

A variety of controls are performed at every stage of the ALM indicator production process to ensure there are no losses of data and that the data is consistent with the accounting balance sheet data.

Any differences or rejected data are identified and then either explained or restated. Any changes in the indicators must be explained by changes in the balance sheet. These checks are formally documented in first level control files, which are reviewed by the Balance Sheet Risk Department before the associated reports are drawn up. Similarly, the validity of any adjustments made by the ALM Department before input into the management application is also examined by the Balance Sheet Risk Department.

The Balance Sheet Risk Department also verifies the roll-out of methods defined by Groupe BPCE, the implementation of decisions taken by BRED's committees and compliance with General Management's guidelines. Lastly, BRED Risk Department verifies compliance with ALM limits and authorised products.

3.4 - Exposure to balance sheet risk

Liquidity coverage ratio

Liquidity coverage ratio (LCR) is a short-term stress ratio. It requires banks to hold a stock of assets assumed to be low risk and easily marketable in order to offset net flows to be disbursed in the event of a crisis over a period of 30 days.

As at 31/12/2021, BRED posted an LCR ratio of 132.4% for BRED's scope and 138.8% for the consolidated BRED scope, i.e. values well above the regulatory limit of 100%.

Loan and deposit schedule

In millions of euros	Less than 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	No fixed maturity	**Undetermined, of which deviation from standards**	**Total at 31/12/2021**
Cash and amounts due from central banks	738	43	0	0	0	0	(41)	**739**
Financial assets at fair value through profit or loss	0	0	0	0	0	0	10,620	**10,620**
Financial assets at fair value in equity	1,273	5	2,353	7,809	987	1,338	0	**13,764**
Hedging derivatives	0	0	0	0	0	0	100	**100**
Securities at amortised cost	0	39	189	1,738	253	0	0	**2,220**
Loans and receivables due from credit institutions and assimilated at amortised cost	9,357	1,222	1,939	77	43	0	(15)	**12,624**
Loans and receivables due from customers at amortised cost	3,057	1,425	3,511	11,603	14,744	9	72	**34,421**
Revaluation adjustments on interest-rate risk hedged portfolio	0	0	0	0	0	0	2	**2**
FINANCIAL ASSETS BY MATURITY	**14,425**	**2,733**	**7,992**	**21,227**	**16,027**	**1,347**	**10,737**	**74,489**
Central banks	0	0	0	0	0	0	0	**0**
Financial liabilities at fair value through profit or loss	0	0	0	0	0	0	2,593	**2,593**
Hedging derivatives	0	0	0	0	0	0	612	**612**
Debt securities	274	5,734	1,318	22	0	0	0	**7,348**
Amounts due to credit institutions and customers	9,380	3,439	2,508	3,195	654	0	317	**19,493**
Amounts due to customers	36,065	2,101	622	810	93	0	74	**39,765**
Subordinated debt	0	1	0	2	0	1	2	**6**
Revaluation adjustments on interest-rate risk hedged portfolio	0	0	0	0	0	0	9	**9**
FINANCIAL LIABILITIES BY MATURITY	**45,719**	**11,275**	**4,447**	**4,030**	**747**	**1**	**3,608**	**69,827**
Financing commitments given to credit institutions	0	1	372	33	15	0	0	**421**
Financing commitments given to customers	111	426	662	2,188	1,703	0	150	**5,240**
TOTAL FINANCING COMMITMENTS GIVEN	**111**	**427**	**1,034**	**2,221**	**1,719**	**0**	**150**	**5,662**
Guarantee commitments given to credit institutions	1,070	23	32	1	0	0	0	**1,126**
Guarantee commitments given to customers	1,993	14	13	4	3	0	16	**2,042**
TOTAL GUARANTEE COMMITMENTS GIVEN	**3,063**	**37**	**45**	**5**	**3**	**0**	**16**	**3,168**

Financial instruments marked to market in the income statement and held in the trading book, variable-income available for sale financial assets, doubtful loans, hedging derivatives and re-measurement adjustments on interest rate risk-hedged portfolios are placed in the "No fixed maturity" column. They are:

- either held for sale or redeemed prior to their contractual maturity;
- or held for sale or redeemed at an indeterminable date (particularly where they have no contractual maturity);
- or measured on the balance sheet for an amount impacted by revaluation effects.

Accrued interest not yet due is shown in the "Less than 1 month" column. The amounts shown are the contractual amounts excluding forecast interest. Technical provisions of insurance companies that are mostly treated as demand deposits are not included in the table above.

4 - OPERATIONAL RISKS

Operational risk is defined in point 52 of paragraph 1 of Article 4 of Regulation (EU) no. 575/2013. It is the risk of losses resulting from the inadequacy or failure of processes, personnel and internal systems or from external events, including legal risk. Operational risk notably includes risks associated with events with low probability of occurrence but high impact, with the risk of internal and external fraud as defined in Article 324 of Regulation (EU) no. 575/2013 and risks associated with the model.

4.1 - Operational risk management principles

Operational risk management is the responsibility of BRED Group's operational departments and subsidiaries, which constantly monitor changes in the risks associated with their activities and the related activity and incident indicators and take immediate corrective action, within the framework of a system overseen by BRED's Operational Risk Management Department.

The operational risk management policy applied to BRED and to its subsidiaries is based on the rules and methods defined by the Groupe BPCE Risk Management Department. Within BRED Group, the system is overseen by the Operational Risk Department. It is responsible for identifying and monitoring operational risks, notably by collating incidents, mapping operational risks and coordinating the operational risk control system by conducting dedicated controls, notably in the area of external fraud, and by triggering the alert procedure when necessary.

The Operational Risk Management Department performs its duties through a decentralised system of operational risk officers deployed in BRED's operational departments and those of its subsidiaries, as well as the results of work by second level permanent control staff from the Permanent Control Department and its subsidiaries.

4.2 - Measurement and monitoring of operational risks

The operational risk management system is part of the Risk Assessment Framework (RAF) defined by Groupe BPCE. These systems and indicators are set out across each institution and subsidiary of Groupe BPCE.

BRED's operational risk measurement and monitoring system is based on the application of Groupe BPCE standards and a dedicated tool for collecting operational risk incidents.

The new tool aims to meet regulatory requirements, evaluate the capacity for resistance to unfavourable macro-economic trends, notably in the framework of the stress tests carried out by BPCE, and reinforce the role of the operational risks function through a more defined forward vision.

This system is organised in the form of internal procedures that are updated by the Operational Risk Management Department. Capital requirements for operational risk are calculated using the standard method.

Operational risk indicators are centralised and analysed by the Operational Risk Management Department. They help to update second level control plans and the rating of mapped risks.
As at 31 December 2021, the annual amount recognised for BRED Group's losses in respect of operational risk amounted to €9.1 million (excluding cost of credit boundary risk for €1.8 million).

4.2.1 - Operational risk mapping

The mapping of operational risk is integrated into the Groupe BPCE tool. It presents a view of all the risk situations with potential significant impacts. It makes it possible, for a given scope, to measure the exposure to risks of the Group's activities for the coming years.

This mapping is carried out and updated periodically, to take account of business and environment trends, as well as organisational and regulatory changes.
The mapping exercise is based on a combined analysis of the risks:

- an expert analysis, in collaboration with the business line/support, reveals at least the minimum, average, and maximum impacts and frequency of occurrence for each risk situation (RS) covered by the risk management system. These elements are corroborated during the meetings of the business lines and, when available, through the backtesting of incidents and the results of first and second level controls;
- A quantitative analysis, when the intensity of the risk requires it, in collaboration with the modellers of Groupe BPCE.

Mapped risks are regularly subjected to consistency checks (permanent control findings) leading, if necessary, to the set-up of cross-company working groups to organise corrective or preventive action or the transfer of risks (insurance).

4.2.2 - Loss and incident data

In 2021, loss and incident data is gathered and input into the dedicated application by the operational risk correspondents within BRED Group's operational departments and subsidiaries.
The Operational Risk Management Department validates the data and, in close collaboration with Groupe BPCE personnel, organises training and information briefings for local correspondents.

4.2.3 - Organisation of permanent controls

For the 2021 financial year, the second level permanent control plan was determined using the operational risk map, indicators resulting from gathering incidents with or without financial impact and considering risk assessments, and non-compliance especially, based on the results of second level controls. The permanent control plan was rolled out for all BRED Group operational and commercial activities, and for the operational management and compliance of outsourced services.

Second level permanent controllers reporting directly to the Permanent Control Department are responsible for:

- assessing the first level control systems inherent to each process controlled;
- performing second level controls of operations/files based on control standards defined in collaboration with the risk and compliance functions;
- where applicable, issuing and following up recommendations resulting from any anomalies observed.

The results of the controls are distributed to the relevant points of contact in second level permanent control reports. A consolidated presentation of these control results is given each quarter to the Control Functions Coordination Committee. This presentation includes the results obtained through coordination of the second level permanent controls of the risk, control and compliance functions.

4.3 - Work completed in 2021

In 2021, in order to combat external fraud even more effectively, the Operational Risk Management Department (ORM) was reorganised and the external fraud department was attached to the General Secretariat. ORM continues to monitor action plans aimed at improving the risk management system in this area.

In 2021, a total of 8,472 events were reported (1,661 incidents) in the incident gathering tool, for an amount of €10.4 million.

In addition, ORM's actions focused in particular on:

- harmonising the mapping of subsidiaries according to a common base of risk situations and, where applicable, by creating local risk situations to cover the specific characteristics of the subsidiaries;
- carrying out the first *risk assessment* exercise for providers of critical or important services;
- deploying *key risk indicators* within each banking subsidiary;
- reviewing, for the entire BRED Group, the corrective actions put in place;
- training all operational risk officers on the new interface of the incident gathering tool.

5 - COMPLIANCE RISKS

5.1 - Compliance procedures

At BRED, each operational department within the parent company and its subsidiaries is responsible for managing the compliance risks inherent to its own area of business. These operational departments rely on a regulatory watch specific to their business line, as disseminated by the relevant Groupe BPCE departments in the form of circulars, and by BRED Group's Compliance Department in the form of guidelines.

In addition, the international subsidiaries ensure their local regulatory watch, reporting regularly to the parent company and highlighting any amendments that may hinder compliance with BRED Group's requirements.

Non-compliance risks are managed by two departments directly reporting to the Risk, Compliance and Permanent Control Department, the director of which is an Executive Committee member:

- Compliance Department;
- Investment Services Compliance.

In accordance with Articles 6 and 7 of the Order of 3 November 2014, as amended on 25 February 2021, these two departments also ensure that procedures for preventing compliance risk are complied with by BRED Group subsidiaries in light of their location, activities, customer base and adherence to applicable regulatory requirements. Reports on the adequacy of the system with respect to the regulatory framework are regularly included in BRED Group macro risk map; these reports are periodically presented to the Control Functions Coordination Committee, the Board's Risk Committee and the Board of Directors.

5.1.1 - Compliance Department

The Department's role

The Compliance Department measures, monitors and manages non-compliance risks pursuant to Article 3 of the Decree of 3 November 2014, as amended on 25 February 2021. The department's main role is to control the risk of legal, administrative or disciplinary sanction and the risk of significant financial or reputational loss resulting from any breach of the statutory and regulatory provisions that apply to banking and financial activities, or from professional or ethical standards, or from instructions issued by the executive body. Investment services risks are not managed by the Compliance Department.

Under the consolidated risk approach, the Compliance Department is responsible for activities within BRED SA and all French and foreign subsidiaries reporting to it on a functional basis. It therefore manages a cross-company compliance function throughout BRED Group, notably by establishing a strong functional link with compliance managers within the subsidiaries.

The Compliance Department is responsible for risks related to compliance with:

- regulations relating to anti-money laundering and the counter financing of terrorism;
- the rights of customers under banking and insurance law, particularly customer protection (including vulnerable customers and right to an account) and the exclusion of the provisions applicable to investment services;
- anti-corruption regulations.

The Compliance Department also manages mechanisms to combat internal fraud, in terms of both detection and any investigations required to establish the facts, as necessary.

The main activities specific to the Compliance Department within the Risk, Compliance and Permanent Control Department are as follows:

- in addition to the regulation watch organised by the business lines, being a point of contact for regulatory watch performed by BPCE to ensure that the changes required under regulatory developments are implemented in good time vis-à-vis products and processes;
- defining the training plan on compliance topics, holding training for subjects requiring compliance expertise;
- coordinating with the New Process and New Product Committee (new product or significant change to an existing product, substantial process modification, new activity, new marketing method or new client target group);
- providing information and advice to business line correspondents in the context of product governance and management – excluding investment services;
- analysing and validating new products and processes;
- identifying and assessing compliance risks with operational departments and subsidiaries, as well as formal inclusion of those risks on the compliance risk map;
- acting as a contact point for the supervisory authorities for its areas of competence;
- determining second level permanent controls and the control reference standards to be integrated within the annual plans of compliance controls to be conducted by permanent controllers in association with the permanent control department;
- using findings of first and second level controls, including assisting permanent controllers regarding the issuance of recommendations in the event of any anomalies or, where applicable, by modifying the current systems and monitoring and assisting the implementation of any necessary corrective action;
- using the findings of periodic controls to coordinate the Compliance function, process mapping and action and control plans;
- carrying out the information escalation procedure for any anomalies with the effective implementation of compliance obligations and the conditions for triggering alerts;
- producing internal, external and regulatory reports within its scope of responsibilities and reporting findings and any corrective action to the accountable managers, Board of Directors and prudential authorities;
- adapting tools and systems in light of regulatory and operational developments. In collaboration with the operational departments concerned, the Compliance Department contributes to IT project management concerning the Compliance function;
- performing enhanced analyses in relation to anti-money laundering and the counter financing of terrorism (AML-CFT);
- acting as guarantor for the system in order to comply with embargoes, sanction mechanisms and asset freezing;
- coordinating the New Customer Relationship Committee, particularly with regard to politically exposed persons and sensitive activities, etc.

The Head of Compliance holds the right to issue a veto or alert in the event of any unusual transaction or high-risk situation likely to undermine the image of BRED Group. Where applicable, the Head of Compliance will forward a documented counter-analysis of the facts to General Management. The Head of Compliance may participate in Executive Committee meetings whenever necessary.

The Head of Compliance is responsible for setting up and monitoring the anti-corruption programme within BRED Group. She/he specifically oversees the following:

- deploying and updating the corruption risk map;
- drafting the code of conduct and associated disciplinary rules;
- implementing the ethics alert system and protecting whistle-blowers;
- raising employee awareness of the risk of corruption and training the most exposed employees;
- implementing third party assessment systems;
- monitoring accounting controls performed by the audit function;
- establishing a global assessment and control system.

Along with the Head of Risk, Compliance and Permanent Controls and the Head of Investment Services Compliance, she/he receives reports issued in the framework of the whistle-blower procedure.

As part of regulatory monitoring or to assess the risk associated with a given legal framework, the Compliance Department may call on BRED's Legal Department with regard to French regulatory developments and joint monitoring efforts by an external firm with regard to the BRED Group's foreign operations. In addition, it has a dedicated budget to ensure that legal analyses are carried out by external experts.

Organisation of the Department

The Compliance Department consists of:

- the Anti-Money Laundering & Combating Financing of Terrorism Unit, whose role is to classify AML-CFT risks and to implement control systems throughout BRED Group which must be based on a risk approach as set out in the third and fourth European Directives and specified in the fourth European AML-CFT directive transposed into French law;
- the Banking-Insurance Compliance Unit, which ensures compliance with French regulations applicable to the parent company and its French subsidiaries. In particular, it is responsible for the deployment of all necessary systems in terms of customer protection and product governance. This department works in support of the subsidiary compliance department for all matters relating to its specialist area;
- the Subsidiary Compliance Unit, which ensures compliance by subsidiaries with the framework imposed by the parent company (based on the French regulatory framework) while respecting local regulations. To achieve this, this department forms a close relationship with all BRED Group subsidiaries in order to coordinate and monitor compliance issues. In particular, it is responsible for drafting and checking the proper application of the guidelines defining BRED Group's compliance policy within the subsidiaries;
- the Internal Fraud Unit, responsible for preventing and controlling the risk of internal fraud which may jeopardise the interests of customers and/or the Bank. The controls are conducted in line with permanent requirements or following alerts issued or alerts notified by any Bank employee. Where necessary, this unit will create a file of the facts concerning the employee concerned with a view to taking disciplinary action, whether directly by the HR Department or via an investigation committee chaired by the HR Director;
- The Governance and Projects Unit, made up of project managers and business experts, dedicated to monitoring and supporting regulatory topics requiring developments or changes, in connection with the other units in the Department;
- the AML-CFT Governance unit, composed of experts in charge of monitoring and standardising the financial security system, providing assistance and validating mandatory regulatory training materials, issuing compliance opinions on complex transactions and organising the New Business Relationships Committee.

The Head of Compliance reports to the DRCCP Director who is designated by the French Prudential Supervisory and Resolution Authority (ACPR) as "the manager responsible for ensuring the coherence and effectiveness of compliance risk control" within the meaning of Article 28 of the Decree of 3 November 2014, as amended on 25 February 2021. The Head of Compliance is also responsible for setting up and monitoring the anti-corruption programme.

5.1.2 - Investment Services Compliance Department

The Department's role

The Investment Services Compliance Department is responsible for ensuring that the Bank and its staff comply with financial ethics in all its activities as an investment services provider (ISP) of BRED Group and respect customer assets.

Accordingly, it ensures compliance with the Bank's obligations applicable to investment service providers as set out in the General Regulation of the AMF (notably Volume III) and in the French Monetary and Financial Code, and with the obligations specific to custodians and issuers. BRED's accreditation as an investment services provider covers the receipt, transmission and execution of orders for third parties, proprietary trading, portfolio management, underwriting, guaranteed and non-guaranteed placements and investment advisory services.

Regarding regulatory functions, the Investment Services Compliance Department:

- issues and reviews the professional accreditation of traders and clearers;
- maintains a list of persons concerned, of the instruments entered on the surveillance or prohibition list, the register of conflicts of interest and any ad hoc or permanent lists. It is responsible for reporting any market abuse;
- participates in employee training, notably for those involved in the marketing of investment services: training plans for branch network and capital markets personnel;
- produces annual and special reports for the AMF and informs the accountable managers and the Board of Directors;

- participates in the bank's bodies and committees associated with investment services and follows or performs investigations and monitoring initiated by the AMF;
- implements and runs a comprehensive assessment and control system in line with the AMF General Regulation and the French Monetary and Financial Code.

In its role as coordinator, the Investment Services Compliance Department collaborates with other BRED Group investment services providers (Promepar Asset Management, SBE and Adaxtra Capital) and directly with Heads of Investment Services Compliance (HISCs) and the Heads of Compliance and Internal Control (HCICs), which each have personal professional accreditation from the AMF to ensure that control systems are consistent and effective at accredited subsidiaries.

Each year, the Investment Services Compliance Department prepares an Annual Compliance Report (ACR) for the AMF on behalf of BRED and its subsidiary BRED Gestion. This general report presents a precise map of BRED's compliance. This report was submitted on 6 May 2021.

BRED Group's HISC is responsible for customer assets. In this context, the HISC ensures the custody of the customer's assets.
Within the context of private equity activities, it performs the role of HCIC (head of compliance and internal control) for the management company Perspectives et Participations. On 10 August 2016, the AMF authorised Adaxtra Capital as a portfolio management company, in accordance with its business plan. As such, in order to meet regulatory requirements, each year it draws up the annual compliance report (ACR) and annual information form.

Organisation of the Department

The Investment Services Compliance Department consists of three areas of activity corresponding to the largest commercial sectors of the bank, namely branch network customers (Operations and Corporate & International Accounts), customers and counterparties of the Capital Markets Department, and private equity customers of the subsidiary Adaxtra Capital.

5.2 - Organisation of control

5.2.1 - Compliance Department

Non-compliance risks, in accordance with the decree of 3 November 2014, are analysed, measured, monitored and controlled by:

- constantly having an overview of those risks and the system in place to prevent or reduce them, including updating their identification as part of the mapping of non-compliance risks;
- ensuring that the most important risks are subject to controls and action plans aimed at improving their management, where necessary.

The control of non-compliance risk within BRED is based on mapping non-compliance risks and implementing mandatory first and second level permanent compliance controls. These are carried out either by the Compliance Department itself or by the Permanent Control Department, which reports the results of its controls to the Compliance Department and follows the resulting recommendations.

Customer protection

The compliance of products and services marketed by BRED and the quality of the information provided reinforces customer confidence and contributes to the Bank's reputation. To maintain this trust, the compliance function places the concept of customer protection at the heart of its activities.

To this end, BRED employees are regularly trained on topics relating to customer protection in order to maintain the required standards in terms of quality of service. The objective of the training is to communicate a culture of compliance and customer protection to new and/or existing sales force employees. In addition, ethics training entitled "The

Essentials of Professional Ethics" has been put in place for all employees. In addition, BPCE has put in place a code of good conduct and ethics, implemented by all Groupe BPCE institutions, including BRED.

Product governance and oversight

All new products or services, regardless of their distribution channel, as well as all sales materials coming under the purview of the compliance function's expertise, are reviewed beforehand by the Compliance function. The compliance function ensures that applicable regulatory requirements are followed and ensures the clarity and fairness of the information provided to the target customers and, more broadly, to the public. Throughout the *life* of the product, through the governance and oversight committees dedicated to each product range, the compliance function continuously monitors the product to ensure that the interests, objectives and characteristics of the customer continue to be duly taken into account.

The oversight mechanism for each product is adapted to the corresponding level of risk.

In addition, the compliance function coordinates the validation of sales challenges and ensures that conflicts of interest are managed.

In particular, the compliance function ensures that sales procedures and processes, as well as commercial policies, guarantee compliance with compliance and ethics rules, at all times and for all customer segments.

Financial security

The prevention of money laundering and terrorist financing within BRED is based on a corporate culture, adapted processing, and the structure and supervision of activity.

- A corporate culture.

This culture, which is disseminated at all hierarchical levels, is based on:

  - KYC and customer relations principles for risk prevention which are formalised and are regularly relayed to staff;
  - a harmonised employee training system every two years and training specific to the financial security function.

- Adapted processing.

In accordance with regulations, BRED has implemented means to detect unusual transactions adapted to its risk classification, making it possible to carry out any in-depth reviews necessary and reporting requirements to Tracfin (agency within the French Ministry of the Economy and Finance responsible for combating fraud, money laundering and terrorist financing) as quickly as possible. The risk classification incorporates the issue of "at-risk" countries, whether the risk relates to money laundering, terrorism, tax fraud and corruption.

BRED has filtering tools that generate alerts on customers (freezing of the assets of certain persons or entities) and international flows (freezing of assets and countries subject to a European and/or US embargo). These mechanisms are deployed across all BRED Group subsidiaries.

- Structure.

In accordance with Groupe BPCE's charters, BRED has a dedicated financial security department. This team is made up of experts, trained specifically and regularly to fulfil their AML-CFT obligations. It is particularly responsible for reporting to Tracfin.

Within BPCE's central body, a dedicated unit coordinates the anti-money laundering and combating terrorist financing function, defines the financial security policy for all of Groupe BPCE, develops the various standards and frameworks and ensures the overall consistency of the decisions taken for each project. This unit also carries out a regulatory watch on the types of transactions concerned and takes into account the risk of money laundering and terrorist financing during the BPCE procedure for approving new commercial products and services.

- Supervision of activity.

The supervision of the financial crime unit's activity is based, as with other compliance areas, on regular internal reporting to senior managers, decision-making bodies and the central body. Additionally the Head of Compliance has the right to issue a veto or alert in the event of any unusual transaction or high-risk situation likely to undermine the image of BRED Group. Where applicable, the Head of Compliance will forward a documented counter-analysis of the facts to General Management. The Head of Compliance may participate in Executive Committee meetings whenever necessary.

Fighting internal fraud

The Compliance Department also manages mechanisms to combat internal fraud, in terms of both detection and any investigations required to establish the facts, as necessary.

The combating of corruption

According to the IMF, corruption is defined as the "abuse of public office for private gain". Any act of corruption is considered fraudulent, unethical and subject to major criminal and administrative sanctions.

BRED Group, like Groupe BPCE, condemns corruption in all its forms and under all circumstances.

Corruption prevention is implemented in several ways:

- through the mapping of exposure to corruption risks, a process whose methodology was reviewed in 2021;
- through employees' compliance with the professional ethics rules that appear in the Code of Conduct and Ethics (prevention of conflicts of interest, policies on gifts, in-kind benefits and invitations, and the principles of confidentiality and professional secrecy). Disciplinary sanctions are in place for any failure to comply with professional rules governing BRED Group's activities;
- by creating a framework for relations with third parties: standardised contracts within Groupe BPCE and account agreements including anti-corruption clauses, assessment of supplier contracts valued at more than €50,000 in light of the risk of corruption, system governing relations with "politically exposed persons";
- by raising employee awareness of the risk of corruption and training the most exposed employees through e-learnings;
- by establishing a global assessment and control system.

A system for collecting and handling professional alerts on serious events, including corruption and influence peddling, is made available to employees (including external partners and occasional employees). It was updated in 2021 to afford greater protection to whistle-blowers.

Management of BRED subsidiaries

For compliance issues, the Subsidiary Compliance Unit oversees BRED Group's French and international subsidiaries by implementing a strong functional link with local compliance officers.

Supervision involves the definition of standards and the evaluation of all current and planned compliance mechanisms and is accompanied by close and regular monitoring.

5.2.2 - Investment Services Compliance Department

The Investment Services Compliance Department contributes to the mapping of non-compliance risks for BRED using Groupe BPCE's repository.

In 2021, all second level Priscop control sheets from the HISC repository were implemented, particularly to take into account the impacts of new regulations.
These sheets are linked to the mapping of investment services' non-compliance risks. The reference system is common to all BRED Group institutions, except for specific controls relating to activities specific to BRED.

In this context, the HISC carries out additional controls in the following areas:

- customer assets (in accordance with the Markets in Financial Instruments Directive II – MiFID II);
- monitoring of market transactions and customer transactions;
- origination activity;
- professional accreditation of traders and clearers.

The HISC supervises the activities of Promepar Asset Management, BRED Gestion and the SBE on a functional basis in order to ensure that the control mechanisms at accredited subsidiaries are consistent and effective. The RCSI also carries out controls delegated by those subsidiaries in connection with service agreements.

As regards private equity activities, the Investment Services Compliance Department develops and provides the management company and subsidiary, Adaxtra Capital, with the second level control plan in accordance with its business plan.

The new regulations on financial instruments markets (MiFID II) and PRIIPs (packaged retail investment and insurance-based products) strengthen investor protection and market transparency. They have consequences for the BRED Group as a distributor of financial instruments, by enhancing the quality of customer journeys relating to financial savings and insurance:

- adaptation of customer data gathering and KYC (client profile, characteristics of the client's plans in terms of objectives, risks and investment horizon), updates to the financial investment knowledge and experience questionnaire and the risk questionnaire to assess the customer's risk appetite and ability to bear losses to ensure the suitability of advice;
- adaptation of offers related to the financial services and products sold;
- formalisation of advice given to the customer and the customer's acceptance of advice;
- organisation of relations between BRED Group producers and distributors;
- incorporation of the provisions relating to the transparency of fees and charges at the level of detail required;
- preparation of periodic customer suitability and value-added reports;
- filing of transaction reports with regulators and the market, *best execution* and *best selection* obligations;
- participation in the development of employee training and change management related to these new systems.

5.3 - Highlights of 2021

5.3.1 - Compliance Department

At Groupe BPCE, work was carried out at Group level to strengthen the non-compliance risk assessment system, with the implementation of Group-wide oversight that incorporates regulatory changes. In this context, the mapping of corruption risks led to the formalisation of a new aggregate non-compliance risk.

A new compliance guide was developed for inactive accounts and inactive safe deposit boxes and several other guides were updated (mortgage, bank savings, election campaigns, Alur law, pricing reference document and complaint handling).

In the compliance department at BPCE bancassurance, two structuring projects continued in 2021:

- the first concerns regulatory KYC, with the ongoing pursuit of the 2019 programme designed to reinforce the completeness and compliance of regulatory KYC files;
- the project aims to strengthen the support system for financially vulnerable customers in accordance with the new provisions of the Decree of 20 July 2020, and in conjunction with the remits of supervisors within Groupe BPCE.

In 2021, BRED's Compliance Department set up a new organisation to strengthen permanent controls and the standardisation of compliance systems, particularly within the financial security scope. It also benefited from additional resources mainly intended to bolster the teams in charge of governance and supervision of AML-CFT transactions.

With regard to bancassurance compliance, in line with the actions initiated in 2019 and 2020, the Compliance Department continued its efforts to strengthen customer knowledge and intra-group exchanges both within the BRED SA scope and the subsidiaries scope. The New Process and New Product Committee also met to take part in this monitoring.

The ongoing implementation of actions and projects helped to improve the compliance system, in particular:

- for bancassurance:
  - participation in the steering committee on the support system for vulnerable customers;
  - participation in savings and insurance product supervisory committees;
  - review of the control system and management of critical or important outsourced services;
- for AML-CFT:
  - strengthening of the supervision of subsidiaries in terms of compliance;
  - increased number of thematic controls;
  - updating of BRED Group's risk classification;
  - implementation of a project to update and review the framework procedures and operational procedures in conjunction with the operational departments concerned.

5.3.2 - Investment Services Compliance Department

The HISC submitted 32 reports as a result of the regulatory watch in 2021.

The Investment Services Compliance Department established standards, policies and procedures and issued 327 opinions, particularly concerning supervision of new activities and new products or services involving financial instruments.

It organised several courses – mainly e-learning courses – for employees in liaison with the Human Resources Department.
The entire corpus of HISC procedures was reviewed in 2021 (44 procedures).

A project was carried out to enhance the supervision of investment Advisory services, with the deployment of a dedicated tool for wealth management clients. The project initiated to overhaul the savings journey for the rest of retail customers will carry on in 2022.

With regard to reporting transactions subject to EMIR (European Market Infrastructure Regulation) and RDT2 (Direct Transaction Reporting), the Investment Services Compliance Department also monitored and contributed to the reporting remediation, which were the focus of greater attention in 2021. Remediation continued in 2021 for the RDT2 and APA scope, with the automation and review of reporting, except for listed derivatives (manual completion) for which IT developments are planned in 2022.

The system for handling complaints about financial instruments provides customers with transparent information regarding the complaint-handling procedure and implementation of corrective actions for problems identified. In 2021, 154 complaints, 14 of which concerned BRED shares, were dealt with effectively in liaison with the HISC.

As every year, the department established and implemented a second level permanent control system to ensure the application of procedures within business lines and the control of non-compliance risks in relation to financial instruments. The control reports produced in this respect did not reveal any significant non-compliance risks beyond the reporting of areas for improvement that were the subject of recommendations.
In 2021, the Department corrected 50 anomalies identified during implementation of its second level permanent control system to ensure the application of procedures within business lines and the control of non-compliance risks.

At the management company Adaxtra Capital, a new CEO was appointed and the team was reorganised. With regard to Adaxtra's investment capital procedures, the Investment Services Compliance Department updated the dedicated control plan for the management company.

The Investment Services Compliance Department is equipped with a procedure for detecting transactions that may potentially constitute market abuse. The processing of alerts and the analysis of potential cases of market abuse are carried out using dedicated monitoring tools. In 2021, 14,172 alerts were analysed vs. 19,604 in 2020. The number of alerts generated by the systems decreased in 2021, after the sharp increase in 2020 attributable to the extreme volatility induced by the global health crisis.

The Investment Services Compliance Department informed the Risk Committee and the Board of Directors of the main risks identified and the implementation and effectiveness of the risk management systems. It was also involved in establishing various reports to be submitted to regulators.

6 - DATA PROTECTION

6.1 - Organisation of data protection

The Data Protection Department is responsible for ensuring compliance with the principles and obligations in force for all personal data processing carried out within BRED Group, taking into account the risk associated with such processing. These obligations stem mainly from EU Regulation 2016/679 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, as well as the legal provisions in force in each country concerned.

The aim of the Data Protection Department is to ensure that the processing carried out complies with the principles of lawfulness; fairness; transparency; determined, legitimate and explicit purposes; minimisation; security; and limited retention period of data.

The Data Protection Department operates at BRED SA and all its French and foreign subsidiaries. It acts on all aspects of data protection and it:

- ensures the proper application of data protection principles, in particular those arising from GDPR;
- monitors the documentation in the record of processing activities carried out by the business lines;
- contributes to BRED Group's risk mapping by producing data protection indicators;
- promotes a data protection culture within BRED Group, in particular by offering the necessary training and ensuring that all appropriate stakeholders are aware;
- provides advice to the business lines in connection with their projects and in connection with the performance of privacy impact assessments (PIAs);
- ensures that all processing operations or projects that pose significant risks to the natural persons concerned have undergone a PIA;
- ensures the implementation of first level control plans and performs second level controls;
- ensures that the processing carried out is compliant with GDPR;
- takes into account and processes the requests of the natural persons concerned;
- responds to requests from the supervisory authorities and reports to them any incident that poses a significant risk to the natural persons concerned;
- produces summary reports (regulatory and legal reports and declarations, summaries from risk indicator monitoring and second level controls, regular reporting to executive and decision-making bodies, requests from BPCE) and alerts if necessary.

The Data Protection Department coordinates BRED Group's data protection function and implements and supervises all data protection bodies.

The official data control officer function for BRED SA and its European subsidiaries are carried out by the Data Protection Department, except where, by exception, the subsidiaries have chosen to appoint their own data protection officer. In this case, this choice and the name of the data protection officer are subject to the approval of the Chief Data Protection Officer.

The Data Protection Department is organised into a single cross-business unit that performs all the tasks assigned to it. For BRED SA, it relies on a network of data protection officers. These contact persons are appointed by the members of the Executive Committee for a specific business scope.

In the subsidiaries, the Data Protection Department relies on a network of entity data protection correspondents. These correspondents are appointed for the entire scope of the subsidiary by its managers. Each subsidiary has a dedicated contact within the Data Protection Department.

6.2 - Organisation of control

In 2021, first level controls on data protection were implemented, particularly at the level of the Purchasing Department and the Information Systems Department (ISD). As a result, 100% of service contracts are now compliant with data protection requirements.

The project method was reviewed to strengthen the consideration of Privacy by Design and controls were put in place by the IT Department. This made it possible to increase the proportion of projects that incorporated Privacy by Design. Controls will be further reinforced in 2022 and a new training campaign for data protection officers will be organised.

As of the end of 2021, the BRED register of processing activities comprised 129 processing operations, or 11% more than in 2020. This change is mainly due to improved documentation, and the separation of certain processing operations. The review of operations in the register will be enhanced in 2022 with the goal of shifting towards a full annual review.

A data protection risk scoring method was developed in 2021. The method makes it possible to measure the risks related to data protection by department, and thus to define appropriate risk management systems. For 2022, a first level control plan has been developed and will be rolled out to the seven departments with the highest risks. The risk indicators are used to populate the BRED risk map.

In addition, the Data Protection Department contributes to the mapping of non-compliance risks through Groupe BPCE's reference system.

6.3 - Highlights of 2021

Through the coordination of a network of data protection officers within the various business lines and through the committed involvement of the ISD in Privacy by Design, BRED is fully in line with a sound and respectful approach to personal data protection for its customers, employees and all types of third parties with whom it is in contact.

The IT programme to delete data in applications continued.

The method for conducting Privacy Impact Assessments (PIAs) was reviewed in full. Based on this new method, the programme for completing PIAs on existing processing operations that was put in place resulted in the validation of 12 PIAs over the course of the year.

7 – BUSINESS CONTINUITY

7.1 - Organisation and management of business continuity

Groupe BPCE's Business Continuity Plan or Emergency and Business Continuity Plan is organised by function and coordinated by Groupe BPCE's Business Continuity function, within BPCE's Compliance and Security Department.

Groupe BPCE's Business Continuity Manager oversees the Business Continuity function, which includes Business Continuity Plan Managers from Banques Populaires and Caisses d'Epargne, IT structures, BPCE SA, Natixis and other BPCE subsidiaries.

The Group entities' Business Continuity Managers report to the Groupe BPCE Business Continuity Manager, who is notified of Business Continuity Manager appointments.

BRED's business continuity reference framework was developed and validated by BRED's Business Continuity Plan Steering Committee on 31 December 2020.

The Groupe BPCE business continuity framework sets out the function's governance structure, which has three levels, which are called upon according to the nature of the decisions or validations required:

- the decision-making and management bodies of Groupe BPCE, in which Groupe BPCE's Business Continuity Manager participates to validate major strategic decisions and obtain rulings on key points as required;
- the business continuity function committee, an operational coordination body;
- the Group business continuity plenary forum, a national body for sharing information and identifying needs.

Groupe BPCE's Business Continuity Department defines, implements and, insofar as necessary, changes Groupe BPCE's business continuity policy.

The continuity measures, developed by BRED Group, meet the continuity requirements for fiduciary activities, market activities, securities activities and all activities falling within the regulatory obligations of banks and financial institutions.

BRED's Business Continuity Management System is a set of measures allowing the company to continue its activity if any unforeseen events occur, in order to protect its customers, its directors, its shareholders, its employees, its assets and its image.

BRED's business continuity is based on:

- a strategy, a governance, resources, control systems and information reporting procedures;
- incorporation of continuity needs expressed by business lines when carrying out the Business Impact Assessment (BIA);
- support function skills;
- regular initiatives to raise employee awareness;
- regular training to improve behaviour and optimise the system.

The various data centres provide a high level of uptime and, for some services, offer functioning in active/active mode. Outsourcing of data to a remote data centre ensures data is conserved in the event of a major disaster.

The testing policy takes into account both the IT Disaster Recovery Plan and the fall-back plan for sensitive activities. A testing plan defines the exercises to be carried out and each exercise is prepared for and the subject of a detailed report followed up by corrective actions, if necessary.

7.2 - Work completed in 2021

The entire BRED Group BCP system for the whole Group was reviewed and updated in 2021 through the BIA (Business Impact Assessment) campaign.

The annual business continuity supervision campaign for essential, critical or important service providers was rolled out in accordance with Groupe BPCE’s requirements.

User fall-back tests were carried out for all critical activities identified during two sessions organised at the fall-back sites. Business recovery plan tests were conducted by the ISD teams.

A cyber-crisis exercise was carried out in the second quarter with the institution’s Executive Committee.

The crisis management system activated in 2020 during the public health crisis was maintained in 2021.

The solutions deployed to manage the Covid-19 crisis validated BRED's BCP. All business lines were able to continue working remotely during the health crisis.

8 - INFORMATION SYSTEM SECURITY

8.1 - Organisation and management of information system security

Within the information technology risk management system, the Group Security Department (GSD) is in charge of Information System Security (ISS) and the fight against cybercrime. The Group Security Department reports to the Group General Secretariat.
Groupe BPCE's information system security is organised by function, managed by the Group Security Department. The department defines, implements and develops the Group ISS policy.

The GSD:

- coordinates the ISS function, bringing together the Information System Security Officers (ISSOs) of parent company affiliates, subsidiaries and IT EIGs;
- oversees the second level permanent control system and the consolidated control of the ISS function;
- initiates and coordinates Groupe BPCE’s risk reduction projects;
- represents Groupe BPCE in relation to interbank market institutions and public authorities within its field.

Since March 2020, BPCE-IT's Governance, Risk and Second Level Controls activity has been transferred to DSG:

- the BPCE-IT ISS governance activity is now under the responsibility of Group ISS;
- the risk and security controls activity is carried out within a new entity reporting to the GSD.

BRED Group’s ISSOs and, more broadly, all parent company affiliates, direct subsidiaries and IT EIGs report functionally to the Group ISSO. This functional link means that:

- any appointment of an ISSO is notified to the Group ISSO;
- the Group’s ISS policy is adopted within the institutions and each local ISS policy is submitted to Groupe BPCE’s ISSO prior to implementation within the institution;
- reporting on institutions’ level of compliance with Groupe BPCE’s ISS policy, ISS permanent control, ISS risk level, the main ISS incidents and actions taken are sent to Groupe BPCE’s ISSO.

At BRED Group level, all entities have an Information System Security function. All of these parties report to BRED Group’s ISSO. She/he is in charge of the ISS, Business Continuity and External Fraud Department under the responsibility of the General Secretariat. The responsibilities of the main players involved in the ISS policy, their rights and duties are defined in ISS roles and responsibilities sheets.

8.2 - Monitoring risks relating to Information System Security

Groupe BPCE has developed a Group ISS Policy, associated with Groupe BPCE’s risk, compliance and permanent control charter. This policy defines the guiding principles for the protection of Information Systems (ISs) and sets out rules to be complied with by all Groupe BPCE institutions in France and abroad, and, furthermore, by means of agreements, by any third party entity that accesses the ISs of one or more Groupe BPCE institutions.

The Group ISS Policy is a minimum framework with which each institution must comply. As such, BRED Group approved this policy at the Control Functions Coordination Committee in the second quarter of 2019.

In addition, each BRED Group entity has undertaken an assessment of its compliance with this security policy with a deadline in 2021. Groupe BPCE’s policy is applied in full by all BRED Group entities (excluding scopes not affected).

Groupe BPCE is also particularly vigilant in combating cybercrime. A 24/7 unified Group Security Operation Centre (SOC) including a level 1 is open. Several measures were continued in this respect in 2021 in order to strengthen procedures for combating cybercrime:
- security work on websites hosted externally;
- improvement of security testing capabilities for websites and applications;
- implementation of a responsible flaw disclosure programme by Groupe BPCE CERT.

8.3 – Raising employee awareness of cybersecurity

In addition to maintaining the Group's shared foundation for raising awareness of ISS, 2021 was marked by the implementation of a new ISS training and awareness plan and participation in the "European Cybersecurity Month".

Within the scope of BPCE SA, in addition to recurring reviews of applications permissions and rights to information system resources (mailing lists, shared mailboxes, shared files, etc.) the monitoring of all websites published on the internet and the oversight of vulnerability handling plans have been strengthened, as well as the monitoring of the risk of data leakage by email and the use of online storage and exchange services.

New employee awareness and training campaigns were also carried out in 2021:
- phishing tests and a phishing awareness campaign were organised twice in 2021;
- awareness sessions presented in person (and over Teams tool given the public health crisis);
- notification and warning messages in framework of detecting temporary or persistent threats.

8.4 - Work completed in 2021

At Groupe BPCE level, a global oversight system for security reviews and intrusion tests was put in place to cover 100% of the critical assets of information systems over four-year cycles. This system now consolidates all the vulnerabilities identified through security reviews and intrusion tests as well as the related remediation plans in DRIVE for centralised monitoring.

In 2021, the ISS mapping of all BRED Group's information systems continued.
In this respect, each Group institution, in view of its role and context, aims to draw up the ISS mapping of the information systems for which it is operationally responsible, based on the Group methodology that links ISS approaches with that of the business lines.

A first level permanent control framework was defined and made available to all institutions.

BRED Group and its subsidiaries are also particularly vigilant in the fight against cybercrime. Several actions were continued in this respect in 2021, in order to strengthen procedures for combating cybercrime:

- implementation of a three-year action plan on IS security and business continuity for BRED Group, begun in 2020;
- continued reinforcement of BRED's Security Operation Centre (SOC) initiated in 2019 (which will continue over the next three years) and improved detection of atypical flows and events within information systems (detection of cyberattacks);
- interaction between the Groupe BPCE's CERT (Computer Emergency Response Team) and the InterCERT-FR community supervised by ANSSI and the European community TF-CSIRT;
- active involvement by BRED in the VIGIE community, the group's collective vigilance system for Banques Populaires and Caisses d'Epargne in order to improve exchanges and monitoring concerning those institutions' private information systems;
- intensification of supervision and protection measures related to external fraud in response to increased phishing fraud;
- strengthening the IT security of online banking;
- hardening of the IT security supervision system, with annual robustness campaigns (intrusion tests) implemented in 2021, in conjunction with the Information Systems Department,
    - including a *Bug Bounty* campaign, i.e., an operation aimed at rooting out the vulnerabilities of an application by cyber experts, who are compensated based on what they find;
    - code reviews: review of an application's computer code to ensure that IT development security rules and best practices have been followed;
- strengthening the control environment, with:
    - continued implementation of a classification of information assets according to the Groupe BPCE methodology (DICP and INFOJR);
    - overhaul of the first level and second level permanent control systems;

- the implementation of an annual campaign to supervise the level of IS security at essential, critical or important service providers in accordance with Groupe BPCE's requirements.

In addition, special communications are made based on the occurrence of security events, in addition to the procedures presented by Groupe BPCE (particularly during lockdown periods related to Covid). In the event of an IS Security incident categorised as "major", the alert and crisis management process is activated, as defined by the Emergency and Business Continuity Plan Manager.

9 - EMERGING MARKET RISK

Groupe BPCE pays particular attention to anticipating and managing emerging risks in light of the constantly changing environment. As such, a forward-looking analysis identifying the risks that may impact Groupe BPCE is carried out every six months by the central body.

After the sharp contraction of the global economy linked to the Covid-19 pandemic in 2020, the upward revision in June 2021 of growth forecasts, particularly in France, attests to a stronger than expected exit from the crisis. The crisis has profoundly changed the environment in which the Group operates. It greatly increased the intensity of shocks caused by the various types of risks affecting our business lines. While the pandemic risk was covered by a massive vaccination campaign, particularly in France, some uncertainty remains on the economic front, particularly regarding the evolution of some macroeconomic data (significant slowdown in Chinese growth, rise in inflation, etc.).

There currently appears to be significant risk of future deterioration in the Group’s credit portfolios. However, the scale of government support for the economy and the strength of the recovery observed in 2021 suggest more resilience than expected.

The low interest-rate environment continues to impact the profitability of commercial banking activities, given the preponderance of fixed-rate housing loans, as well as the life insurance business.

The international geopolitical environment remains under close observation, with geopolitical tensions continuing to weigh on the global economic environment and fuelling uncertainties.

The continued digitisation of the economy and financial services goes hand-in-hand with non-stop vigilance from banks facing cyber risks. The sophistication of attacks and any vulnerabilities in the banks’ information systems are two major challenges for Groupe BPCE in relation to the regulator's expectations.

Groupe BPCE is very attentive to changes in the regulatory environment and the supervisory body’s requests, particularly on new provisioning standards, guidelines on NPLs and the new definition of default, including the notion of forbearance in relation to the management of moratoriums in response to the pandemic.

Finally, operational risks are closely monitored, with the application of crisis management procedures when necessary.

10 - CLIMATE RISK

Aware of its major role in supporting the energy and ecological transition to a low-carbon economy, BRED is continuing the actions undertaken to address and reduce climate risk. BRED's approach falls within the scope of Article V of Article 173 of the Energy Transition Law for Green Growth.

10.1 - Organisation and governance

In terms of climate risks, BRED relies on the work carried out since 2020 by BPCE's Climate Risk Unit. The unit reports to BPCE's Risk Management Department and is responsible for measuring, monitoring and managing risks related to climate change for Groupe BPCE, in conjunction with the climate risk correspondents at the Group's institutions.

In June 2020, BRED appointed a climate risk officer within its Risk Department, as part of the creation by BPCE of the Climate Correspondents function, in accordance with the ACPR's recommendation in its report entitled "*Governance and management of climate-related risks by French banking institutions: some good practices*" of May 2020. The missions of the climate risk officer are as follows:

- monitor the latest developments in the work of the climate risk unit in order to be able to report them to the Head of Risk, Compliance and Permanent Control at BRED, or to the management bodies;
- be the local point of contact for the Group's work with the teams involved in order to raise awareness, implement this work and enable internal discussions on these topics;
- be informed of regulatory changes and market exchanges that could impact the activities of institutions;
- respond to requests from dedicated working groups on certain projects.

The bank's policy and actions in this area are notably formalised as part of BRED's annual Declaration of Extra-Financial Performance. This report is based on extra-financial risk mapping, updated annually in consultation with the General Management, and is presented to the Executive Risk Committee and the extended Executive Committee.

Finally, BRED's Corporate Social Responsibility (CSR) function plans to gather a network of CSR correspondents representing each business line at BRED four times a year to address CSR issues and actions, incorporating climate risk.

10.2 - Integration of climate risks and environmental, social and governance criteria

The identification, management and oversight of climate risks are fundamental stages in defining a climate strategy focused on the environmental transition.

For BRED Group, climate risks refer to the vulnerability of its activities to climate change. It is important to distinguish between physical climate risk, which is directly linked to climate change, and transition climate risk, which is linked to the need to adapt our activities and those of our clients to combat climate change.

The materiality of the risks associated with climate change is assessed by reference to the main common risk classes, such as credit risk, market risk and operational risk. Groupe BPCE has therefore put in place a robust system to identify climate risk factors that could impact the Group's traditional risks, accompanied by a detailed oversight programme.

Since June 2018, BRED's general credit risk policy has incorporated the consideration of extra-financial analysis criteria in the credit decision process.

BRED's key indicators for managing the Corporate Social Responsibility (CSR) policy incorporate the reduction of its direct and indirect environmental impacts. Measures have been taken to reduce these risks in all areas of its business.

The indirect impacts are:
- the integration into BRED's credit policy of the systematic analysis of ESG risks linked to the financing granted by BRED to corporate customers employing more than 500 employees;
- the integration of ESG criteria into Groupe BPCE's sector profiles;
- the financing of renewable energies through direct funding for projects and BRED's participation in dedicated investment funds; the financing of thermal renovation;

- the integration of a range of socially responsible investment (SRI) UCITS, accessible to our customers in the form of unit-linked life insurance, securities housed in a share plan or an ordinary securities account. In view of the success of this form of savings, BRED has developed its own SRI management service, entrusted to BRED's management company, PREPAR;
- since November 2021, the systematic integration in our real estate financing management information system of the Energy Performance Diagnostic conducted on the financed property.

The direct impacts are:
- annual updating of BRED's carbon footprint, based on scopes 1, 2 and 3 as defined by the ADEME, which measures carbon emissions relating to energy, travel, real estate and purchasing;
- implementation of action plans aimed, for example, at the energy efficiency of buildings and reducing the impact of employee travel. This action plan was reinforced at the end of December 2021, when it was deployed to several key areas of operation at BRED, with the aim of aligning the reduction in BRED's GHG emissions with the trajectory of the Paris Agreement.
- that since 2019, BRED's greenhouse gas emissions balance sheet has been published on the ADEME website.

Since 2019, BRED's macro-level risk mapping has included climate risks in the "Strategic, Business and Ecosystem Risk" category.
In addition, the physical impact of climate risk is taken into account by BRED, particularly in terms of business continuity.

10.3 - Raising awareness and training

In July 2020, Groupe BPCE rolled out Climate Risk Pursuit, an interactive climate risk training tool developed by BPCE's Risk Department in conjunction with BPCE's CSR/Sustainable Development Department. It aims to raise all Group employees' awareness of climate risks, their impacts and ESG issues. This interactive training module, which is accessible on Groupe BPCE's "click and learn" training platform, teaches via fun games. Its launch was publicised on BRED's intranet.

10.4 - Regulatory environment

The Task Force on Climate-related Financial Disclosures (TCFD), a working group set up by the Financial Stability Committee of the G20, aims to promote climate-related financial transparency. Groupe BPCE published its first TCFD report on 21 October 2021. Climate risk management is a central part of this report.

In the first half of 2021, the results of the pilot exercises of ACPR and the European Banking Authority (EBA), in which Groupe BPCE voluntarily participated, were published. This exercise is a first step; it will be expanded in order to develop consistent and comparable climate risk assessment tools across the various European banks. In addition, the EBA continues to work on designing a climate risk stress test framework.

Thus, Groupe BPCE is continuing its internal work to analyse climate and environmental risks, particularly with regard to integrating the European taxonomy into internal classifications. The Group also kept tabs on the initial discussions led by the ECB to build the framework for future climate stress tests to be provided in early 2022.

11 - OTHER RISK FACTORS

The risk factors presented below concern Groupe BPCE as a whole, including BRED Group, and are described in full in the Groupe BPCE annual universal registration document.

The banking and financial environment in which BRED Group and, more widely, Groupe BPCE are operating entails exposure to numerous risks, requiring them to implement an ever more demanding and rigorous policy to control and manage these risks.

Some of the risks to which BRED Group is exposed are identified below. It is not an exhaustive list for either BRED Group or Groupe BPCE (please refer to the annual universal registration document) in terms of the risks encountered during the course of its activities or in the light of its operating environment.

Alongside risks that are yet to be identified and those currently considered by BRED Group to be insignificant, the risks presented below could have a major negative impact on its business, financial situation and/or results.

11.1 - Credit and counterparty risk

Groupe BPCE is exposed to credit and counterparty risks likely to have a material adverse effect on the Group´s activity, financial position and income.

Groupe BPCE, including BRED Group, is significantly exposed to credit and counterparty risk due to its financing and capital markets activities. The group could therefore suffer losses in the event of a default by one or more counterparties, particularly if the group encounters legal or other difficulties in taking possession of its collateral or if the value of the collateral does not fully cover the exposure in the event of default. Despite the due diligence carried out by the Group in order to limit the concentration of its credit portfolio, it is possible that counterparty defaults may be amplified within the same economic sector or region of the world due to the interdependence of these counterparties. Thus, the default of one or more major counterparties could have a significant adverse effect on the Group's cost of risk, income and financial position.

A substantial increase in impairments or provisions for expected credit losses recognised for Groupe BPCE's loan and receivables portfolio could have a material adverse effect on its income and financial position.

Within the context of its lending activities, Groupe BPCE, including BRED Group, regularly records provisions for asset impairment in order to reflect as needed any real or potential losses in its lending and receivables portfolio, which are recognised in its income statement under "Cost of risk". The overall level of Groupe BPCE's asset impairment provisions is based on the valuation by the Group of historic losses on loans, the volumes and types of loans granted, the standards within the sector, loans in arrears, the economic environment and other factors associated with the recovery rate for the various types of loans.

Although the Group's entities, including BRED Group, aim to record sufficient provisions for asset impairment, their lending activities may lead them to increase these provisions for losses on loans in the event of an increase in non-performing assets or for other reasons, such as a deterioration in market conditions or factors affecting certain countries. Any significant increase in provisions for losses on loans or a significant change in Groupe BPCE's risk of loss estimates for its unimpaired loan portfolio, or any losses on loans in excess of the provisions recorded for the loans in question, could have an unfavourable impact on Groupe BPCE's income and financial position.

A deterioration in the financial solidity and performance of other financial institutions and market players may have an unfavourable impact on Groupe BPCE.

Groupe BPCE's ability to execute transactions may be affected by a deterioration in the financial solidity of other financial institutions and market players. Financial institutions are closely interconnected as a result, notably, of their trading, clearing, counterparty and financing operations. A default by a sector player, or even mere rumours or concerns regarding one or more financial institutions or the financial industry in general, may lead to a general contraction in market liquidity and may lead to losses or further defaults in the future.

Groupe BPCE, including BRED Group, is exposed to various financial counterparties, such as investment services providers, commercial and investment banks, clearing houses and central counterparties, mutual funds, hedge funds and other institutional customers with which it enters into transactions on a regular basis, whose default or breach vis-a-vis any of their commitments would have an unfavourable impact on the financial situation of Groupe BPCE. In addition, Groupe BPCE could be exposed to the risk associated with the growing involvement in its business sector of players subject to little or no regulations and the emergence of new products subject to little or no regulations (particularly collaborative financing or trading platforms). This risk would be exacerbated if the assets held as collateral by Groupe BPCE could not be sold, or if their selling price would not cover all Groupe BPCE's exposure to loans or derivatives in default, or in the event of fraud, embezzlement or other malpractice committed by actors in the financial sector to which Groupe BPCE is exposed, or in the event of default of a major market player such as a central counterparty.

11.2 - Financial risk

Groupe BPCE is dependent on its access to financing and other sources of liquidity, which may be limited for reasons beyond its control, which could have a material adverse effect on its results.

Significant variations in interest rates may negatively impact Groupe BPCE's net banking income and adversely affect its profitability.

The amount of net interest income received by BRED Group over a given period has a significant influence on net banking income and profitability over the said period. Furthermore, significant changes in credit spreads may also affect the results of Groupe BPCE or the Group. Interest rates are highly sensitive to various factors that may be outside the control of Groupe BPCE. Over the past decade, interest rates have generally been low, but they could rise and Groupe BPCE may not be able to immediately pass on this change. Changes in market interest rates may affect interest rates on interest-bearing assets differently from interest rates paid on interest-bearing liabilities. Any unfavourable trends in the yield curve may trigger a decline in net interest income from lending and associated refinancing activities and thus negatively impact net banking income and adversely affect the profitability of BRED Group.

Any period of inflation could affect the revenues of BRED Group and Groupe BPCE if it resulted in an increase in regulated savings rates without effect on the cost of credit, thereby affecting net interest income and earnings.

Groupe BPCE's revenues from brokerage and other fee-based activities could decrease in the event of a market downturn.

The downward trend in credit ratings could have a negative impact on refinancing costs, profitability and continuation of BPCE's activities.

The downward trend in these credit ratings could have a negative impact on the refinancing of BPCE, its affiliates operating on the financial markets, and BRED Group. Lower ratings could affect the liquidity and competitive position of Groupe BPCE, increase the cost of borrowing, restrict its access to capital markets and trigger clauses in certain bilateral contracts covering trading, derivatives and collateralised refinancing transactions and, consequently, adversely affect its profitability and the continuation of its activities.

Variations in interest rates may negatively impact Groupe BPCE's net banking income or net income.

11.3 - Non-financial risks

In the event of non-compliance with applicable laws and regulations, Groupe BPCE may be exposed to significant fines and other administrative and criminal penalties likely to have a material adverse impact on its financial position, business and reputation.

The banking and insurance sectors are subject to strict regulatory supervision, both in France and abroad. In recent years, there has been a considerable increase in the volume of new regulations which have introduced significant changes affecting both the financial markets and the relationship between investment service providers and customers or investors (such as MIFID II, PRIIPS, the Insurance Distribution Directive, Market Abuse Regulation, the fourth Anti-

Money Laundering and Counter-Terrorist Financing Directive, GDPR, Benchmarks Regulation, etc.). These new regulations have a major impact on the company's operations.

The manifestation of the risk of non-compliance could result in, for example, the use of inadequate means to promote and market the bank's products and services, inadequate management of potential conflicts of interest, disclosure of confidential or inside information, non-compliance with the due diligence procedures for entering into a relationship with suppliers and customers, particularly in terms of financial security (notably anti-money laundering and the counter financing of terrorism, compliance with embargoes, and combating fraud or corruption).

BRED Group has a system for preventing and controlling non-compliance risks. Despite this system, it remains exposed to the risk of fines or other significant penalties by regulatory and supervisory authorities, as well as to civil or criminal legal proceedings that could have a material adverse impact on its financial situation, business and reputation.

Any interruption or failure of Groupe BPCE's or third parties' IT systems may result in losses, particularly commercial losses, and could have a significant adverse impact on Groupe BPCE's income.

As is the case for the majority of its competitors, Groupe BPCE, including BRED Group, is highly dependent on communication and information systems, as a large number of increasingly complex transactions are processed in the course of its activities. Any failure, interruption or malfunction in these systems may cause errors or interruptions in the systems used to manage customer accounts, general accounts, deposits, transactions and/or to process loans.

For example, if BRED Group's information systems were to malfunction, even for a short period, it would be unable to meet its customers' needs in time and could thus lose transaction opportunities. A temporary failure in BRED Group's information systems, despite back-up systems and contingency plans, could also generate substantial information recovery and verification costs, or even a shortfall in its proprietary activities if, for example, such a failure were to occur during the implementation of hedging transactions. The inability of BRED Group's systems to adapt to an increasing number of transactions may also limit its ability to develop its activities and may result in losses, particularly commercial losses, and could have a significant adverse impact on BRED Group's income.

Groupe BPCE is also exposed to the risk of disruption or operational failure of one of its clearing agents, foreign exchange markets, clearing houses, custodians or other financial intermediaries or external service providers that it uses to carry out or simplify its securities transactions. As interconnectivity with its customers continues to grow, Groupe BPCE may also become increasingly exposed to the risk of the operational malfunction of its customers' information systems. Groupe BPCE's communication and information systems and those of its customers, service providers and counterparties may also be subject to malfunctions or interruptions resulting from the actions of cybercriminals or cyberterrorists. Groupe BPCE cannot guarantee that such malfunctions or interruptions to its systems or those of other parties will not occur or, where they do they occur, that they will be resolved in an adequate manner.

Reputational risk and legal risk could unfavourably impact Groupe BPCE's profitability and business outlook.

The reputation of Groupe BPCE and the reputation of BRED Group are fundamental in order to be able to attract and retain its customers. The use of inappropriate means to promote and market its products and services, or the inadequate management of potential conflicts of interest, legal and regulatory requirements, ethical issues, anti-money laundering laws, combating terrorism, requirements under economic sanctions, information security policies and sales and trading practices may harm the reputation of Groupe BPCE and BRED Group. Their reputations could also be harmed by inappropriate employee behaviour, any cybercrime or act of cyberterrorism perpetrated against its communication and information systems, or any fraud or malpractice committed by financial sector participants to which BPCE is exposed, or any legal decision or regulatory action with a potentially unfavourable outcome. Any damage to the reputation of Groupe BPCE or BRED could adversely affect their profitability and business outlook.

Were such aspects to be managed in an inadequate manner, the legal risks encountered by Groupe BPCE and BRED Group could also increase, in addition to the number of lawsuits and the amount of damages claimed, or expose them to sanctions from the regulatory authorities.

Unforeseen events may cause an interruption in Groupe BPCE's activities and trigger material losses and additional costs.

The failure or inadequacies of Groupe BPCE's policies, procedures and risk management and hedging strategies may expose it to unidentified or unexpected risks which may trigger unanticipated material losses.

Groupe BPCE's risk management and hedging policies, strategies and procedures may not be effective enough to limit its exposure to all types of market environments or all kinds of risks or may not even apply for risks that the group was unable to identify or anticipate. The risk management techniques and strategies adopted by the Group may not further limit its risk exposure and do not guarantee an actual lowering of overall risk.

The actual values posted may differ from the accounting estimates used to prepare Groupe BPCE´s financial statements, which could expose it to unexpected losses.

In accordance with IFRS standards and interpretations currently in force, Groupe BPCE, including BRED Group, must use certain estimates when preparing its financial statements, i.e. accounting estimates to determine provisions for non-performing loans and receivables, provisions relating to potential disputes, and the fair value of certain assets and liabilities, etc. If the values used for these estimates by Groupe BPCE prove to be materially inaccurate, particularly in the event of significant and/or unexpected market trends, or if the methods for determining them are modified under future IFRS standards or interpretations, Groupe BPCE may be exposed, where applicable, to unexpected losses.

11.4 - Strategic, business and ecosystem risk

Pandemic risks

The ongoing coronavirus (Covid-19) pandemic and its economic consequences could continue to negatively affect Groupe BPCE's business, income and financial position.

The emergence of COVID-19 at the end of 2019 and the rapid spread of the pandemic throughout the whole world led to a deterioration in the economic situation in many business sectors, financial damage to economic players and a heavy disruption of the financial markets, while the countries affected were also incited to take health measures to respond to the pandemic (closing of borders, lockdown measures, restrictions on certain economic activities, etc.). In particular, the severe recession suffered by affected countries and the reduction in global trade have had and will continue to have a negative impact on the global economic climate for as long as global production, investment, supply chains and consumer spending are affected, thereby impacting the group's business and its customers and counterparties.

The persistence of the Covid-19 pandemic and the emergence of new virus strains led to new restrictions, although they were not as drastic as in 2020 (notably another lockdown in France and in a number of European countries, local and national curfew measures, border closures or strict limits on movement). After a rebound, the economic environment could deteriorate again. Despite the favourable development of vaccines, the Covid-19 pandemic is still the determining factor in the economic recovery. The spread of new variants, such as the Delta variant in the second half of 2021 or the Omicron variant detected at the end of November 2021, threatens the pace of economic expansion. As a result, the epidemic continues to profoundly disrupt international and French economic dynamics. Its duration continues to surprise observers, stoking both uncertainty and weariness in response to the ongoing health restrictions. This situation could last several months, thus adversely affecting the BRED Group's business, financial performance and results.

Massive fiscal and monetary policy measures to support business were set up in 2020 by the French government (government-backed loans for businesses, professionals and individuals, short-time work measures as well as other tax, social and bill payment measures) and by the European Central Bank (more abundant and less expensive access to substantial refinancing budgets). In this context, Groupe BPCE, and in particular BRED Group, actively participated in the French government-backed loan programme and have taken special measures to provide financial support to their customers and help them overcome the effects of this crisis on their businesses and revenues (for example, the automatic postponement of six-month loan maturities for certain professionals and VSEs/SMEs). However, there is no guarantee that such measures will be sufficient to offset the negative effects of the pandemic on the economy or stabilise the financial markets fully and sustainably.

The lockdowns and restrictive measures taken at the beginning of this crisis, particularly in France, where Groupe BPCE mainly carries out its activities, significantly dampened the activity of many economic players. In 2021, the global economy rebounded sharply, but the public health crisis continued to specifically affect local services, due to the preservation of certain health restrictions. The Group's results and financial position are affected by such measures, due to the decline in revenues and the deterioration in asset quality generally and in certain specific sectors which were especially hard hit. Within the Corporate and Professional portfolios, the sectors most likely to be impacted to date are wholesale and retail, tourism-hotels-restaurants, consumer goods (excluding cosmetics and personal care) and professional real estate sectors excluding residential exposure.

The Group's results and financial position could also be affected by unfavourable developments on the financial markets (extreme volatility, steep drop in equity markets and indices, tensions on spreads, sudden and unexpected drop in dividends, etc.).

A deterioration in the economic environment and its impacts on the Group could increase the risk of a downgrade in its external ratings. Moreover, the ratings of the French government could also be downgraded, notably due to an increase in its debt and public deficits. These factors could have a negative impact on the Group's refinancing costs on the financial markets.

More generally, this epidemic poses a risk to Groupe BPCE and BRED Group, to the extent that (i) it causes organisational changes (such as remote work) that may lead to operational risk; (ii) it slows money market exchanges and could have an impact on liquidity provisions; (iii) it increases the liquidity needs of customers and thus the amounts loaned to these customers in order to enable them to withstand the crisis; (iv) it could lead to an increase in corporate defaults, particularly among the most vulnerable companies or in the most exposed sectors; and (v) it causes sharp movements in the valuations of market assets, which could have an impact on the capital markets activity or on institutional investments.

The evolution of the Covid-19 situation is a source of uncertainty as to the duration, extent and future trajectory of the pandemic, the implementation of new lockdown measures or restrictions in the case of subsequent epidemic waves caused by the emergence of new virus variants, the speed of vaccination take-up, the effectiveness of vaccines against variants or treatments of this disease. This uncertainty makes it difficult to predict the overall impact of Covid-19 on the Group's main markets and more generally on the global economy. At the date of filing this document, the impact of this situation on BRED Group's business lines, its results (NBI and cost of risk in particular) and its financial position (liquidity and solvency) remains difficult to quantify.

Groupe BPCE may not meet the objectives of its BPCE 2024 strategic plan.

On 8 July 2021, Groupe BPCE announced its BPCE 2024 strategic plan. It is built around the following three strategic priorities: (i) be dominant with 1.5 billion euros in additional revenues in five priority areas, (ii) customers, offering them the highest quality of service with a relevant relationship model, and (iii) the climate, through concrete and measurable commitments in line with a Net Zero trajectory. The BPCE 2024 strategic plan is based on the following three sources of strength: (I) be simple: because Groupe BPCE seeks to ensure efficiency and customer satisfaction, it is aiming for greater simplicity; (ii) be innovative: because Groupe BPCE is driven by an entrepreneurial spirit and recognises the reality of the changes under way, it is building its capacity for innovation; and (iii) be safe, because Groupe BPCE focuses on the long term, it emphasises the safety of its growth model in support of its ambitions. These strategic objectives were drawn up against the backdrop of the Covid-19 crisis, which both revealed and accelerated deep-seated trends (in particular, digitisation, hybrid work, energy transition). They reflect Groupe BPCE's desire to accelerate its development by supporting its customers in the economic recovery and in pursuing their projects after the public health crisis. The success of the BPCE 2024 strategic plan is based on a very large number of initiatives to be rolled out within Groupe BPCE's various business lines. Although many of these objectives can be achieved, it is possible that some of them will not be achieved, but it is impossible to predict which ones will not be achieved. The BPCE 2024 strategic plan also provides for significant investments, but if the plan's objectives are not met, the return on these investments could be lower than expected. If Groupe BPCE fails to meet the targets set out in its BPCE 2024 strategic plan, its financial position and results could be affected in a more or less significant manner.

Physical and transition climate risks and their consequences on economic players could negatively affect Groupe BPCE´s business, income and financial position.

Risks associated with climate change are factors exacerbating existing risks, including credit risk, operational risk and market risk. In particular, BPCE and BRED Group are exposed to physical climate risk and climate transition risk, which may also carry reputational and/or image risks.

Physical risk results in an increase in economic costs and financial losses due to the severity and frequency of extreme weather events related to climate change (such as heat waves, landslides, floods, fires and storms) as well as long-term climate changes (such as changes in precipitation, extreme weather variability, and the rise in sea levels and average temperatures). Physical risk may have an impact of considerable scope and magnitude likely to affect a wide variety of geographical areas and economic sectors in which BRED Group is involved.

Transition risk is linked to the process of adjusting to a low-carbon economy. The process of reducing emissions is likely to have a significant impact on all sectors of the economy by affecting the value of financial assets and corporate profitability. The increase in costs associated with this energy transition for economic players, both businesses and individuals, could lead to an increase in defaults and thus significantly increase losses incurred by Groupe BPCE and BRED Group.

An economic environment characterised by persistently low interest rates could adversely affect the profitability and financial position of Groupe BPCE.

Groupe BPCE may be vulnerable to political, macroeconomic and financial environments or to specific circumstances in countries in which it operates.
A significant change in the political or macroeconomic environment of these countries or regions could result in additional expenses or reduce the profits generated by Groupe BPCE and BRED Group.

A serious economic disruption such as the 2008 financial crisis, the sovereign debt crisis in Europe in 2011 or the development of a real epidemic such as coronavirus (of which we still do not know the scale and the final duration) could have a significant negative impact on all Groupe BPCE's activities, particularly if the disruption is characterised by a lack of market liquidity making financing difficult for Groupe BPCE and BRED Group. Some risks do not fall under the spontaneous cycle due to their external nature, including the consequences of Brexit, the deterioration in the quality of corporate debt worldwide (i.e. the leveraged loan market) and the threat of an even worse spread of the epidemic, all in the very short term, or even the climate issue in the longer term. During the last two financial crises of 2008 and 2011, the financial markets were subject to high volatility in response to various events, including, inter alia, the drop in oil and commodity prices, the turbulence and slowdown on the economic and financial markets, which directly or indirectly impacted several Groupe BPCE activities, and particularly securities transactions and financial services.

More recently, the armed conflicted set off by Russia after its invasion of Ukraine, which has led the international community to implement sanctions against Russia, amounts to a significant change of this type that could, directly or indirectly, bring about additional expenses or lower the profits earned by Groupe BPCE. As at 28 February 2022, with the exception of a few marginal exposures on retail customers who are nationals of Russia or Ukraine, BRED Group has no exposure to Russian or Ukrainian counterparties such as corporates, sovereigns or financial institutions.

BRED Group's business is particularly sensitive to the domestic economic environment and that of the regions in which it operates abroad.

Increased competition both in France, which is its largest market, and abroad may weigh on net banking income and profitability.

The main business lines of Groupe BPCE and BRED Group operate in a highly competitive environment both in France and other parts of the world where their business is significant. Consolidation, whether in the form of mergers and acquisitions, alliances or cooperations, strengthens this competition. Consolidation has created a number of companies which, like Groupe BPCE, have the ability to offer a wide range of products and services, ranging from insurance, loans and deposits to brokerage, investment banking and asset management. Groupe BPCE, including BRED Group, competes with other entities on the basis of a number of factors, including the performance of the products and services offered, innovation, reputation and price. If Groupe BPCE, including BRED Group, is unable to adjust to the competitive conditions in France or in its other major markets by offering a range of attractive and profitable products and services, it may lose market share in certain key business lines or incur losses in some or all of its activities.

Moreover, any slowdown in the global economy or the economic environment of BRED Group's main markets is likely to enhance competitive pressure, in particular through greater pricing pressure and a slowdown in business volume for BRED Group and its competitors. New, more competitive players, which are subject to separate or more flexible regulations or to other requirements in terms of capital adequacy ratios, may also enter the market. These new entrants may also be able to offer more competitive products and services. Technological advances and the growth of e-commerce have made it possible for non-custodian institutions to offer products and services that were traditionally banking products, and for financial institutions and other companies to provide electronic and internet-based financial solutions, including electronic securities trading. These new entrants may put downward pressure on the price of BRED Group's products and services or affect BRED Group's market share. Technological advances may give rise to rapid and unforeseen change in the markets in which BRED Group operates. BRED Group's competitive position, net income and profitability could suffer if it fails to adapt its activities or strategy adequately to respond to these changes.

The capacity of BRED and, more generally, of Groupe BPCE to attract and retain skilled employees is paramount to the success of its business and failing to do so may materially affect its performance.

11.5 - Regulatory risk

Groupe BPCE is subject to heavy regulation in France and in many other countries in which it operates; current and future regulatory measures could have a significant unfavourable impact on the activity and income of Groupe BPCE.

The business and results of Group BPCE entities, including BRED Group, may be materially impacted by the policies and actions of various regulatory authorities in France, other European Union countries, the United States, foreign governments and international organisations.

Such constraints may limit the ability of Groupe BPCE entities, including BRED Group, to expand their businesses or to pursue certain activities. The nature and impact of future changes to such policies and regulatory measures are unpredictable and beyond the control of Groupe BPCE. In addition, the general political environment has changed adversely for banks and the financial sector, resulting in additional pressures on legislative and regulatory bodies to adopt enhanced regulatory measures, although they may penalise credit and other financial activities, as well as the economy. Given the continuing uncertainty related to new legislative and regulatory measures, it is impossible to predict their impact on Groupe BPCE, but it could be significantly adverse.

Such changes may include, but are not limited to, the following:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policies liable to significantly influence investor decisions, in particular in markets in which Groupe BPCE operates;
- a general change in regulatory requirements, including prudential rules relating to the capital adequacy framework;
- changes in internal control rules and procedures;
- changes in the competitive environment and prices;
- changes in financial reporting rules;
- expropriation, nationalisation, price controls, foreign exchange controls, confiscation of assets and changes in legislation relating to foreign ownership rights;
- and any adverse changes in the political, military or diplomatic environments creating social instability or an uncertain legal situation capable of affecting the demand for the products and services offered by Groupe BPCE.

Tax legislation and its application in France and in countries where Groupe BPCE operates are likely to have an unfavourable impact its income

As an international banking group that carries out large and complex international transactions, Groupe BPCE and BRED Group are subject to tax legislation in a large number of countries throughout the world and organise their activities in compliance with applicable tax rules. Changes in tax laws or their application by the relevant authorities in these countries could significantly impact Groupe BPCE's results. Groupe BPCE has established management methods with the aim of creating value based on the synergies and commercial capacities of its various entities. Groupe BPCE also seeks to structure the financial products sold to its customers with the aim of maximising their tax benefits. The structures of intra-group transactions and financial products sold by Groupe BPCE entities are based on its own interpretations of applicable tax laws and regulations, generally on the basis of opinions from independent tax advisers and, where necessary, specific decisions or interpretations by the relevant tax authorities. It cannot be ruled out in the future that the tax authorities may call into question some of these interpretations as a result of which the tax positions of Groupe BPCE entities may be challenged by the tax authorities, which could result in tax adjustments and could, consequently, have an adverse impact on Groupe BPCE's results and those of BRED Group.

Holders of Groupe BPCE securities could incur losses if BPCE were subject to resolution procedures.

Resolution proceedings may be initiated against Groupe BPCE if (i) the group's failure were acknowledged or predictable, (ii) there were no reasonable prospect that another measure would avoid such failure within a reasonable time period, and (iii) a resolution measure were required, to achieve the objectives of the resolution: (a) to ensure the continuity of critical functions, (b) to avoid a significant adverse effect on the financial system, (c) to protect public funds by minimising reliance on extraordinary public financial support, and (d) to protect customer funds and assets, in particular those of depositors.

Failure of an institution means that it does not meet the conditions for its authorisation, it is unable to pay its debts or other liabilities when they fall due, it seeks extraordinary public financial support (subject to limited exceptions), or the value of its liabilities exceeds the value of its assets.

Beyond the power of internal bailout, the resolution authorities are vested with broader powers to be able to implement other resolution measures with regard to defaulting institutions or, in certain circumstances, their groups, which may include: the total or partial sale of the institution's business to a third party or a bridging institution, the separation of assets, the replacement or substitution of the institution as debtor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), discontinuing the admission to or official listing of financial instruments, the dismissal of managers or the appointment of a temporary administrator (administrateur spécial) and the issuance of new equity or own funds.

The exercise of the powers by the resolution authorities could result in the partial or total write-down or conversion in full or in part of the capital instruments and debt instruments issued by BPCE, or may substantially affect the amount of resources available to BPCE to make payments on such instruments.

6

Declaration of extra-financial performance

1 - OUR POLICY

1.1 - A CSR approach inspired by cooperative values

Diversity and independence of governance

BRED was created in 1919 and has always preferred a medium to long-term approach facilitated by capital and reserve management rules, as set out in the table below.

The remuneration of the shares is subject to a ceiling.	**The members do not therefore have the objective of supporting decisions for which their only interest would be to maximise their return.**
The shares are not listed and their value - set by the articles of association - does not depend on the financial markets.	**It is impossible to speculate on the price of the cooperative share or to influence it.**
The reserves cannot be shared.	**Profits are thus mainly destined for future development. The long-term equity strategy supports the taking of a medium/long- term view when making decisions.**

Our member, who are the only holders of BRED's share capital, are also all customers. They ensure BRED's independence from the financial markets.
Thus, the bank's activity remains solely focused on serving its customers and its territories.

Important decisions are submitted for the approval of members at General Meetings during which members appoint directors to represent them on the Board of Directors.
In 2021, BRED had 20 directors, two of which were employee representatives.

The National Federation of Banques Populaires (FNBP) is responsible for creating and instilling a common culture among the directors of the various Banques Populaires banks. Its mission is to contribute to the individual and collective skills of members of the Boards of Directors, by offering tailored training.

Finally, to meet regulatory requirements concerning the annual assessment of the Board of Directors' operations, BRED also set up an assessment system in the form of a questionnaire which is described in the "Corporate governance" section of the annual report.

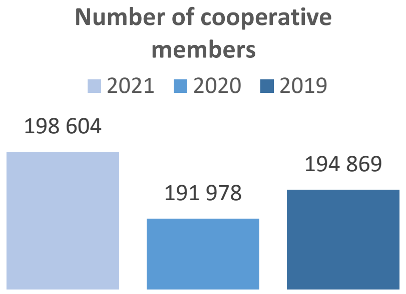
The law of 10 September 1947 defining co-operative status enshrines the principle by which cooperatives submit themselves to a cooperative review procedure every five years. This obligation, previously applied to agricultural cooperatives, was extended by the Law on the Social and Solidarity Economy (ESS) of 31 July 2014 to all cooperatives, regardless of their business sector.

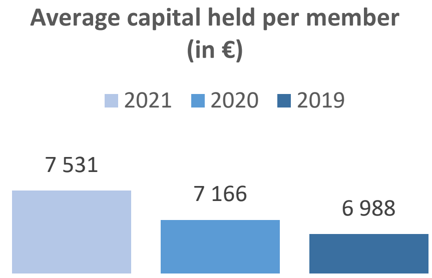
The purpose of this review, carried out by an independent auditor, is to verify their organisation's compliance and operation according to cooperative principles and rules. The cooperative review is a positive act of cooperative governance.

In 2018, BRED appointed its cooperative auditor, which presented its report at the annual general meeting of BRED members in May 2019.

In May 2021, the auditor presented an update to the report at the annual general meeting.

Mobilisation, coordination and promotion of cooperative life





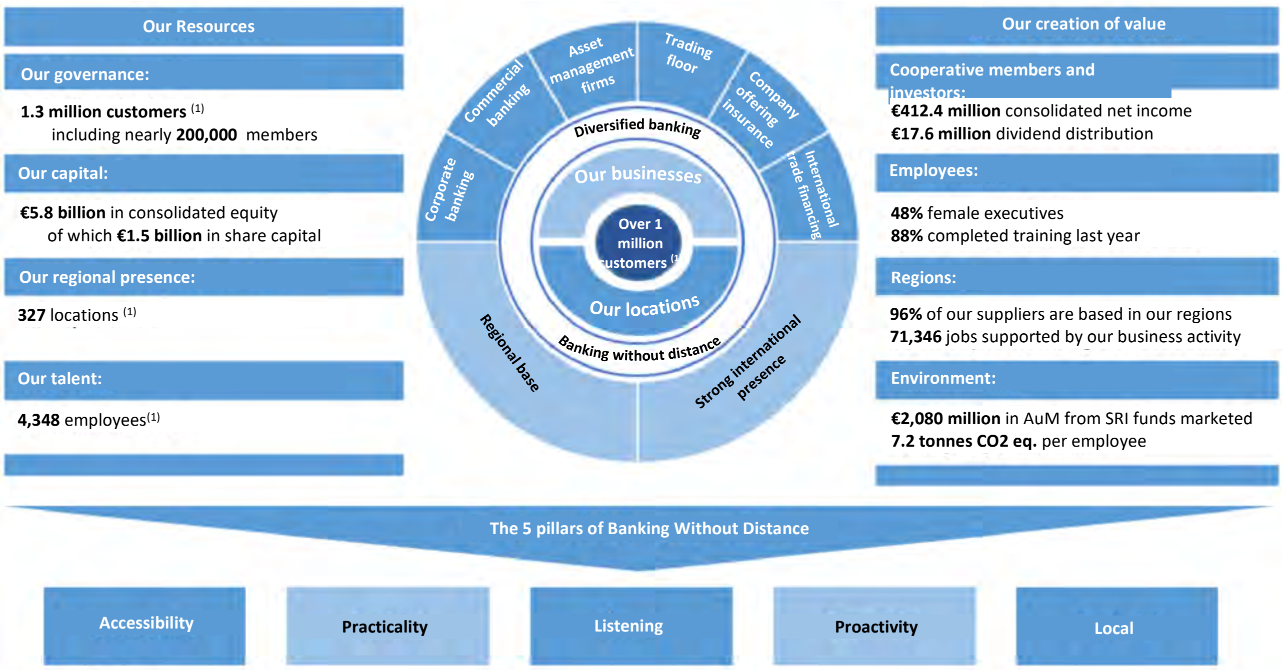
In 2021, the number of cooperative members increased by nearly 3.5% and the capital held by cooperative members by 5%.

Cooperative members are regularly invited to local information meetings and exchanges, although in 2020 and 2021, the Covid-19 health crisis caused most of these meetings to be postponed or be held by video-conferencing.
They have a dedicated section on BRED's website, giving them access to specific information as well as banking and other benefits. They also receive a quarterly newsletter.

The University of Banques Populaires Directors, which brings together the bank's directors and senior executives every two years, is a real highlight of cooperative life.

1.2 - A business model proven to be effective every year

Our identity: "Resolutely cooperative and innovative, BRED provides a sustainable and close relationship to support all those who live and work in each region".



(1) In France

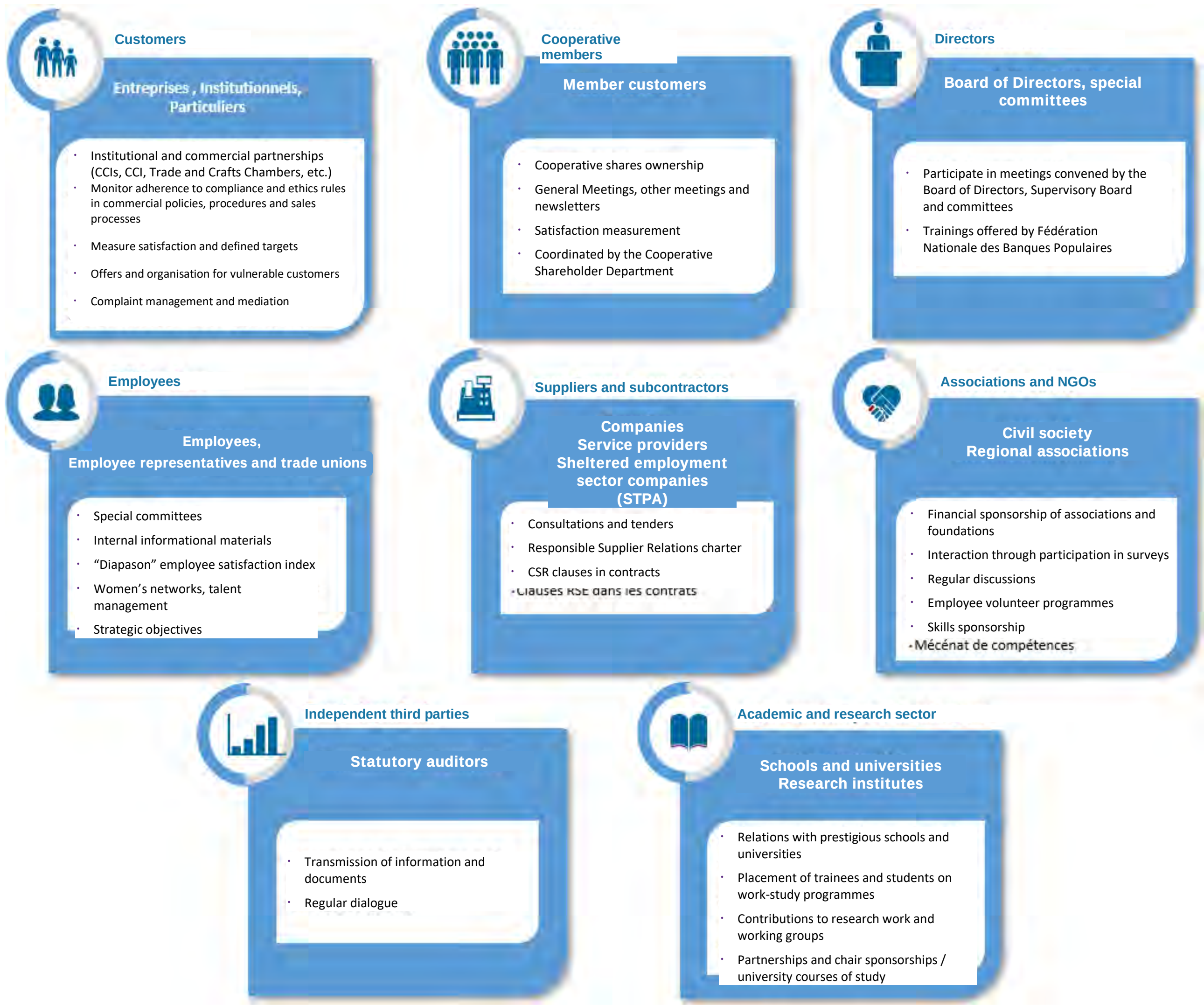
Our business model is characterised by a strong position on the professional market and by a leading role in the social and solidarity economy sector, serving SMEs, tradespeople, merchants and farmers.

BRED is one of the main financiers of companies and structures operating in the social economy in the regions where it does business.

1.3 - A map of stakeholders' expectations

BRED conducts a constructive ongoing dialogue with its various stakeholders, including cooperation with many of them (government, local communities, NGOs, etc.) on societal, social and environmental projects. Dialogue with internal or market stakeholders takes the form of discussions or information meetings such as those held with cooperative members.

As part of this policy of committed dialogue with stakeholders, BRED has mapped them.



The arrangement for hearing customers was strengthened. It is also relayed by the sales teams who, through their visit reports, pass on the views of customers.

Dialogue with staff takes place in various social bodies and also via systems (such as the intranet and internal newsletters) and the relay and interface role of managers covered by the BRED Management School established in 2015. Internally, the Consultation Management has increased each employee's ability to impact their direct environment in order to work better at all levels of the company.
Actions taken with associations and members of civil society and regular dialogue with professional and trade organisations also constitute opportunities to speak to stakeholders.

1.4 - A cooperative and CSR commitment that is part of Groupe BPCE's strategy

BRED has instituted a Cooperative Shareholders and Sustainable Development – CSR Department. It is made up of three people and reports directly to the General Management.
Its role is to contribute to the inclusion of Environmental, Social and Governance (ESG) issues in the bank's main actions, in line with the ISO 26000 standard, and to implement actions with the Bank's various business lines. The Cooperative Shareholders and Sustainable Development-CSR Department is responsible for measuring the results of these actions against the commitments made.

BPCE has been adhering to UN Global Compact programmes since 2012 and to Principles for Responsible Banking (PRB) on behalf of all of the Group's banks, including BRED.
As regards its international activities, each BRED Group entity ensures compliance with rules on the freedom of association and working conditions and abstains from using forced or compulsory labour or child labour in accordance with the International Labour Organization's conventions, even if local laws would authorise such practices.

This obligation is specified in contracts with suppliers and service providers.

1.5 - The major challenges that underpin our actions

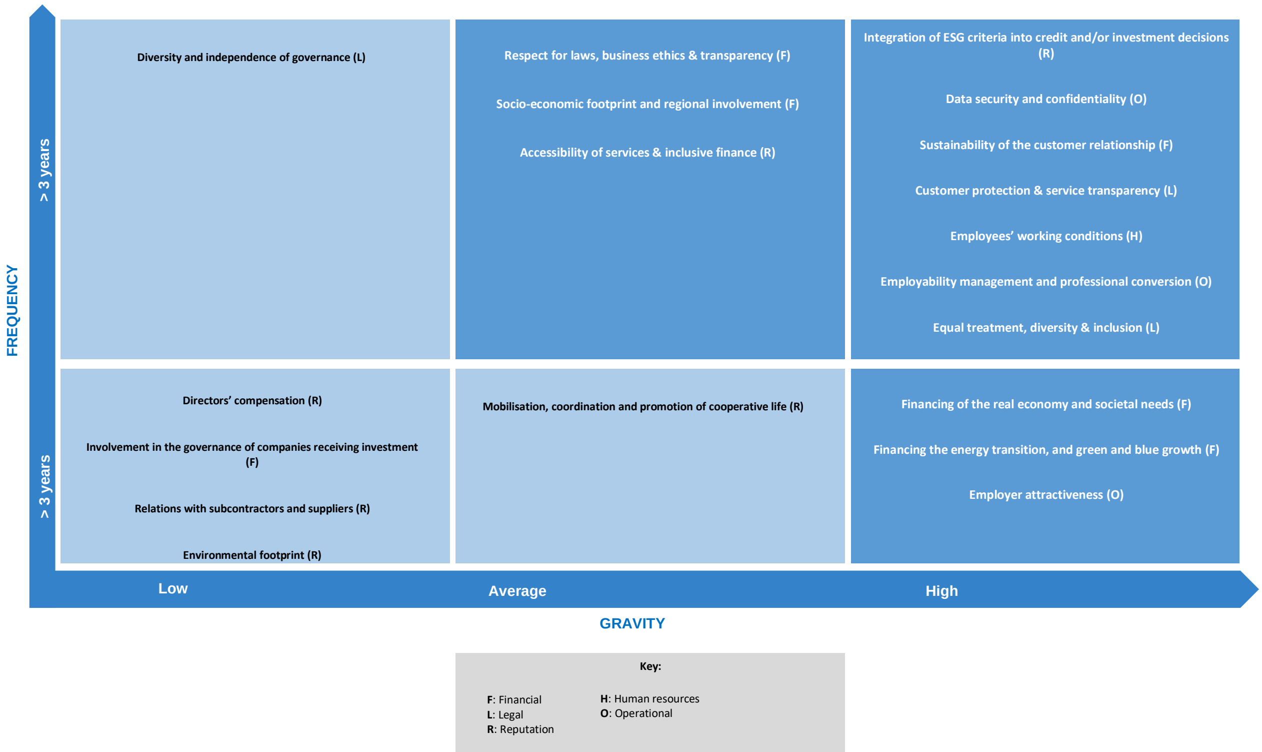
After updating the extra-financial risk map relating to our activities, which was validated by the BRED Risk Committee and Executive Committee, we identified:

- priority areas for action, in conjunction with the business lines concerned and the Bank's governance,
- 13 major risks among the 19 identified.

The "physical, health and technological climate" risk was transferred to the operational risk matrix.

Each of these risks is the subject of a specific action plan, described in the following pages of this report and a follow-up using key performance indicators. Although it is not identified among the major risks, BRED's direct environmental footprint was also included in these CSR oversight indicators.

BRED Risk Matrix - 2021



Key performance indicators

SDG	§	RISKS	KEY PERFORMANCE INDICATORS	2021	2020	2019	OBJECTIVES
	2.1	Financing of the real economy and societal needs	Increase in outstanding loans [2] Change from previous year (in pts)	15% -2	17% 3	14% 2	
	2.2	Socio-economic footprint and regional involvement	Share of local suppliers [1] Change from previous year (in pts)	96% + 13	83% -	83% -	> 80%
	2 3	Sustainability of the customer relationship	Share of customers whose banking relationship with BRED has lost intensity [(*) (1)] Change from previous year (in pts)	9.1% -0.6	9.7%	-	-
	2.4	Customer protection and service transparency	Share of customer complaints about "information-advisory" with favourable response [1]	0.33%	0.19%	-	-
			Share of customer complaints about "unauthorised transaction" with favourable response [1]	1.55%	-	-	
	2.5	Accessibility of services and inclusive finance	ADIE micro-loans (in € m) [1] Change from previous year (in € m)	1.5 -	1.5 -	1.5 -	> €1m -
	2.6	Employees' working conditions	Absenteeism rate for illness [2] Change from previous year (in pts)	5.49% 1.4	4.09% -0.08	4.18% -0.17	< 5%
	2.7	Employer attractiveness	Staff turnover rate [2] Change from previous year (in pts)	11.8% 3.3	8.5% -1.8	10.3%	< 15%
	2.8	Employability management and professional conversion	Percentage of employees who have received at least one training course over the year [2] Change from previous year (in pts)	87.9% -5.6	94.8% 5.8	89% -10	80%
	2.9	Equality of treatment, diversity and inclusion	Percentage of female executives [2] Change from previous year (in pts)	48% 0.2	47.8% -	47.8% -	50%
	2.10	Integration of ESG criteria into credit and / or investment decisions	Percentage of corporate loan applications including an ESG risk analysis [1] Change from previous year (in pts)	86.8% 20.4	66.5% -	- -	100%
			Total SRI funds and SRI and solidarity-based FCPEs marketed (€ m) [2] Change from previous year	2080 -2.1%	2,125 x5	439 11.7%	-
	2.11	Financing the energy transition, green and blue growth	Financing of renewable energy production projects undertaken by large corporate clients (annual production in € m) [1]	9.45	12	74	-
	2.12	Our environmental footprint	Carbon emissions relative to employees (tonne CO2 eq./FTE) [2] Change from previous year	7.2 -7.7%	7.8 -10.1%	8.7	-5%/year
	2.13	Compliance with laws, business ethics and transparency	Percentage of employees trained in anti-money laundering [2]	95.7%	91.6%	96.4%	100%
	2.14	Data security and confidentiality	Percentage of employees trained in GDPR [2]	83.2%	95.9%	97.5%	100%

[1] ** Retail and professional market*

Scope: 1 - Parent company; 2 - Parent company and French subsidiaries

The actions taken contribute to 11 of the 17 Sustainable Development Goals (SDGs) defined in 2015 by the UN Member States as part of the 2030 Agenda.

2 - OUR ACTIONS

2 .1 - Financing the real economy and societal needs

Challenge: provide active support to help finance the real economy, local development of the regions and their inhabitants and/or societal transitions.

KPI: in 2021, our outstanding loans increased by 15% to €29 billion. Our lending activity continued to grow at a steady pace, at the same level as in 2019, after an improvement in 2020 (17%), linked to the distribution of government-backed loans. This strong increase is related to the continued strong growth in commercial and financial performances (see pages 2-10 and 2-11 of the annual report).

BRED's ability to finance its customers' personal and business projects is growing thanks to the steady increase in its equity (comprising the share capital and the carrying over of profits) which has risen by a factor of 2.5 since 2012, and to the dynamic performance of savings inflows.

All savings inflows are redistributed at a local level in the form of financing.
To promote access to credit for small businesses, tradespeople and liberal professions, BRED relies on SOCAMA, the leading mutual guarantee company in France. Created by and for entrepreneurs, SOCAMA guarantees the loans of these customers, thereby limiting recourse to their personal guarantee. It assists them in achieving their plans to create, grow and/or takeover businesses. SOCAMA is administered by business line representatives who are familiar with the professionals and the regions. These experts provide their know-how and validate the granting of the SOCAMA guarantee to local credit committees. This approach favours a personal, local approach.

With the support of Utopie, BRED was able measured the local economic impact of its business. Thus, each €1 million in credit granted within its BRED parent company and French subsidiaries business scope supports 12 jobs in that region.

2.2 - Socio-economic footprint and regional involvement

Responsible purchasing policy benefiting local suppliers and companies in the appropriate sector

Challenge: the bank's commitment to the support it can provide not as a funder but as a company that is active in its region (as a buyer, top employer and patron/sponsor in the regional society, culture and sport).

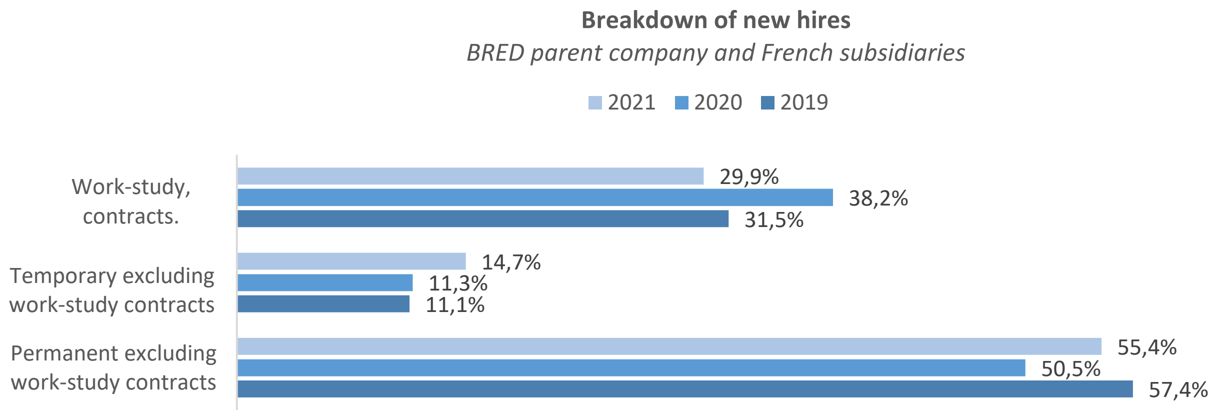
KPI: in 2021, active local suppliers accounted for 83% of all BRED suppliers versus **96%** in 2020.
The sharp increase in this indicator in 2021 resulted from a change in the calculation method which only takes into account suppliers who were active during the year, in order to increase the accuracy of the indicator.
On a like-for-like basis, the value of this indicator would be identical to that of 2020.

As for purchasing, BRED is part of the process of Groupe BPCE (PHARE project), which has been a signatory of the responsible supplier relations charter since December 2010.
A clause to agree to the BPCE Responsible Purchasing Charter is included in contracts with suppliers. In line with this Charter, BRED's purchasing policy favours purchases from the sheltered employment sector (STPA), contributing to a more inclusive economy by supporting the employment of persons with limited access to the job market.

BRED is contractually committed to its suppliers and subcontractors to ensure compliance with employment law. This policy is implemented by including a clause on illegal employment in contracts and addenda signed this year. The sub-contracting contracts cover ancillary activities outside of BRED’s sensitive employment areas.
A CSR clause is incorporated into the BRED Purchasing Department's internal charter relating to the consideration of extra-financial criteria when choosing suppliers.

A top local employer

BRED also hired 859 employees in 2021 (permanent, fixed-term and work-study contracts at BRED parent company and French subsidiaries) with the aim of promoting the professional integration of young people (257 work-study contracts in 2021).



Sponsorship policy focused primarily on equal opportunity, knowledge transfer and entrepreneurship.

BRED supports the economic and social integration of persons experiencing hardship in order to contribute to local social cohesion. BRED also works closely with the teaching world and in this context it supports several educational initiatives aimed at promoting access to knowledge.
The cooperative and societal footprint based on ISO 26000 promotes BRED's social commitment. In 2021, it stood at €2,255 million.

Equal opportunities is the main focus of BRED's sponsorship policy. BRED is a founding member and sponsor of the Écoles de la 2ème Chance, which are designed to train young people who interrupted their studies. Among other things, it supports Café de l'Avenir, an association that supports and advises young graduates in their efforts to obtain their first job. In Martinique, BRED is a partner of the Internat de la Réussite ("boarding school for success"), which supports students in preparatory classes for the competitive exams of top universities.

With the Collège de France, BRED supports the Campus pour l'Innovation des Lycées programme, which aims to disseminate advanced knowledge, particularly in the field of economic sciences, to secondary school in disadvantaged urban and rural areas. In 2021, it was the exclusive sponsor of the Journées du Patrimoine (Heritage Days) at the Collège de France with a singular cultural exhibition about papyrus.

This year, BRED supported the festival "Lire au Grand Large" in Guadeloupe, an event that fosters access to reading for all, and which works to fight illiteracy.

Since 2018, BRED has been deeply involved with "Prepa HEC pour Tous" organised by the HEC Foundation. The programme offers scholarships and support to students preparing for entrance exams to the leading business schools, selected based on their academic merit and social criteria. It also participates in the "HEC Stand UP" programme, which trains women in hardship to be entrepreneurs.

In Reunion, BRED partners with the Fondation Fond'Ker, which works towards the economic development of Reunionese companies in a spirit of social cohesion and mutual assistance.

BRED is a founding partner of the Fondation de la 2ème Chance ("the second chance foundation") whose goal is to assist people who have faced great hardship in their lives. It is also a sponsor of Habitat and Humanisme Ile-de-France, which fights against poor housing and social exclusion. And as a partner of Sol Solidaire, BRED contributes to the fight against energy poverty and works for the ecological transition in social housing.

Lastly, our solidarity-based sponsorship system allows you to transfer €5 to one of the following associations when opening an account sponsored by a client: Doctors Without Borders, the Alzheimer's Research Foundation and Jeunesse au Plein Air.

Active support for the social and solidarity economy (SSE)

BRED participates in the governance of several regional chambers for the social and solidarity economy (CRESS) in the regions in which it operates. For example, its partnership with the Seine-Saint-Denis Chamber of Commerce and Industry (CCI) aims to support project owners and entrepreneurs in the Seine-Saint-Denis. BRED is involved with the Forum Réussir in Seine-Saint-Denis, participates as a judge for the Trophées Espoirs de l'Économie Locale and backs the Start and Boost Entrepreneurs programmes.

In each of its regions, BRED is deeply enmeshed in the fabric of the SSE: CCI, Trade and Crafts Chambers, Chambers of Agriculture, Associations/Federations of Merchants and Craftsmen, Healthcare Professionals, etc. It provides financial support for prizes, such as the famous Stars & Métiers Award and the dynamic agricultural award.

2.3 - Sustainability of the customer relationship

Challenge: fiduciary responsibility, quality of customer service, customer satisfaction.

KPI: the proportion of individual and professional customers for whom the intensity of the banking relationship with BRED decreased was **9.1%** in 2021, down 0.6 point compared to 2020.
This indicator is a priority of the business policy and is included in the criteria for the annual coordination of the sales teams, which determines the amount of their variable compensation.

BRED is particularly dedicated to its customers' satisfaction and has set up a comprehensive feedback and survey system. The customer relations process, notably the welcome they are given and the service provided, is regularly assessed throughout our network, in all BRED territories, by "mystery customer" phone calls.
The continuous improvement plan for the client experience is presented on pages 2-3 of the activity report included in the management report

Our customers' perception of services remains good, as confirmed by the annual quality survey conducted with "Corporate" customers. In fact, 89% of customers of the Business Centres are satisfied with BRED as a corporate bank (source: 2021 CAF survey).

Retail customers, meanwhile, are satisfied with both the quality of their interviews with their branch advisers (89%, source: QHD 2021) and the digital tools made available to them: 92% were satisfied with the website and 93% with the mobile app (source: SAE 2021).

In 2021, the customer satisfaction measurement tools which already existed in previous years were renewed.

2.4 - Customer protection & service transparency

Challenge: respect ethics in sales and advisory, help customers exercise their right of withdrawal, make offers transparent and engage in responsible marketing, manage complaints.

KPIs: in 2021, complaints about "Information - advisory" with a favourable response represented **0.33%** of all **complaints**. Complaints on the grounds of "unauthorised transaction" with a favourable response accounted for **1.55%** of the total claims.

The marketing department is responsible for the relevance and quality of the products and services offered to BRED's customers. A Marketing Committee, drawing on skills and expertise throughout the company (marketing, commercial, legal, financial, risk management, information systems and compliance), meets regularly to validate new banking and financial products and services intended for customers.

Additionally, the New Process and New Product Committee (NPNPC) meets monthly to ensure a satisfactory level of control over the risks associated with the marketing of products to customers by considering the various regulatory, legal, compliance and financial risk and fraud requirements. This system applies to new products and services as well as all new banking processes, particularly sales processes, concerning the scope of BRED's parent company and French subsidiaries. Finally, this enables us to guarantee that the processes and tools for customer protection ensure the confidentiality of personal data and on-line banking, particularly those relating to combating fraud due to phishing and Scams (cyber-fraud).

This procedure for validating new products before their market launch enables BRED to satisfy the criteria set out in Article L. 225 of the Grenelle II Act on measures to ensure consumer health and safety. These measures are in addition to the already very strict banking regulations on consumer protection. BRED has not put in place a systematic CSR labelling system for all its banking products**.**

The risk report included in the annual management report addresses the complaints handling system on pages 5-47 and 5-48. This system is supplemented by a continuous improvement plan for the client experience, presented on pages 2-3 of the activity report included in the management report. In addition, the resources implemented for customer protection, product governance and monitoring are described on page 5-44.

Furthermore, in 2021 BRED was not the subject of any sanctions for anti-competitive conduct or breach of antitrust or anti-monopoly laws.
Aside from the various committees, BRED is attentive to our customers' perception of the information and advice given.

2.5 - Accessibility of services & inclusive finance

Microfinance

Challenge: fight against all forms of discrimination against customers on the basis of religion or ethnicity, gender, age, sexual orientation, etc. Territorial mapping of physical branches, offers or channels adapted to the most susceptible, vulnerable or elderly customers, accessibility of offers via several distribution channels (internet, branch and telephone).

KPI: BRED has been a partner of ADIE (Association pour le droit à l'initiative économique) for more than 20 years and renewed its agreement in 2021, for a refinancing line of **€1.5 million**, to finance its annual micro-credit production.

The accompanying microcredit offer is intended for individuals and entrepreneurs whose resources are often insufficient to obtain traditional bank financing.

In line with its microfinance positioning, BRED focuses its efforts on professional microloans.

Accessibility for people with disabilities

As part of its non-discriminatory, "banking for all" policy, over the years BRED has consistently launched initiatives to facilitate access to banking services for people with disabilities to meet a maximum of the requirements set out in the Decree of 2005 covering access for the disabled:

- ATMs and cash distributors have been equipped with Braille keypads and are accessible to wheelchair-users.
- In mainland France, 214 branches (93.4%) are accessible to persons with reduced mobility and were certified by HAND and Véritas. Fifteen branches have an exemption on access for persons with reduced mobility.
- In 2021, 45 branches were renovated in mainland France and 9 in the French overseas territories, with a total usable surface area of 9,191 m². At December 2021 31, 280 branches in mainland France and overseas territories were renovated, or 92% of all BRED branches.

In accordance with decree 2017-431 of 28 March 2017, BRED has an accessibility register for its business premises.

In addition, BRED has extended its telephone access to deaf and hearing-impaired people, across its entire customer relations centre, with the help of its partner ACCEO.
Thanks to a free app, available on a smartphone or tablet, deaf and hearing-impaired customers are put in contact with an interpreter (French Sign Language) or a transcriber (Instant Speech Transcription) depending on the chosen method of communication. The interpreter or transcriber communicates by phone with the BRED customer relations centre and instantly translates the discussion for the entire interaction.

Financially vulnerable clients

Alongside all Groupe BPCE entities, in 2016 BRED adopted the AFECEI [1] charter on access to banking services and the prevention of over-indebtedness. The charter covers natural person bank account holders and the beneficiaries of the Group's financial services for non-professional purposes. Associated action in the area of preventing exclusion to banking services and the monitoring of customers in a situation of financial vulnerability was covered by the first report on indicators forwarded by BPCE to the Observatoire de l'Inclusion Bancaire.

For 18 years, BRED has been committed to a method based on approachability and dialogue in order to better identify and meet the needs of vulnerable customers or those in financial difficulty. These specific initiatives put in place by BRED to provide assistance and combat exclusion from banking services and over-indebtedness are consistent with the expectations of the public authorities and civil society.

[1] AFECEI: the Association Française des Etablissements de Crédit et des Entreprises d'Investissement developed a professional charter that has regulatory force.

BRED's objective is to build a smooth relationship by providing special support, including with everyday banking services. BRED regularly reminds its account managers to pay specific attention to customers whose personal or professional situation deteriorates (due to sickness, unemployment, another adverse life event, etc.). In such cases action needs to be taken as soon as possible to prevent potential financial problems.
If, despite our efforts, a customer's circumstances worsen, they are assigned to a specialist team responsible for recovering debts while avoiding legal action (SRA). The aim of this service is to review the customer's position and put an approach in place that combines rigour, compassion and education. Through the rescheduling of debts and personal support and advice on how to rectify their financial situation, customers are able to avoid taking on debt or reduce their debt. In other words, customers are given support so that the Bank can better understand their situation and help them rectify it by a change of behaviour.

In 2021, more than 80% of outstanding loans and credits held by retail and professional customers covered by the SRA were resolved, making it possible to reassign those customers to their original manager in branch.
The Hauban branch retains management of more vulnerable customers or customers who have undergone a major restructuring plan. This branch continues to support those customers for a few months in order to provide them with best management practices before they go back to their local branch.
The Hauban branch is also responsible for managing customers covered by the "right to banking services" programme and experiencing over-indebtedness.
In total, over 10,000 customers were handled by the SRA in 2021, including 4,700 individuals in mainland France, by a team of around 24 employees.

In 2020, BRED confirmed its commitment to providing practical answers to the current issues of banking inclusion and prevention of over-indebtedness by capping the costs of payment incidents and transaction irregularities on the accounts of all financially vulnerable customers at €25 per month.

Like Groupe BPCE, BRED has confirmed its socially-responsible attitude with the OCF offer, which allows all identified vulnerable customers to benefit from:

- A full range of daily banking services at a controlled rate of €3 per month;
- A cap on fees related to payment incidents and account irregularities, set at €16.50 per month;
- A special cap on handling fees, per transaction, provided for in Article R.312-4-2 of the French Monetary and Financial Code.

Support for companies in difficulty

BRED supports companies in difficulty via the Turnaround Division dedicated to these customers.
As part of the Corporate Banking Division within the Industrial Companies, this team of experts monitors around 650 companies from all business sectors.
It offers various short-, medium- and long-term financing solutions adapted to every situation, in collaboration with prevention procedure professionals and advisory for its customers or prospects.
This offer enables companies seeking to turn around their business, including those in the most difficult situations, to benefit from the full range of services and advice offered by BRED.

Protected adults

BRED has had a special Protected Adults unit to offer services to this special category of customer for over 20 years. It works directly with guardians and other representatives and associations appointed by the courts in France and the overseas territories to represent protected adults.
To meet the banking needs of these customers, BRED has developed specific services that facilitate the everyday life of protected adults and their guardians or representatives.
The unit's members provide training for branch staff to ensure these customers receive a friendly welcome and an appropriate service, and also to help them to identify and report any cases of abuse of the vulnerable adult.

2.6 - Employees' working conditions

Challenge: ensure the health and safety of employees; develop their quality of life in the workplace; prevent psycho-social risks, psychological and/or sexual harassment and accidents; guarantee the adequacy of disciplinary measures, promote the work-life balance, and provide a suitable work environment.

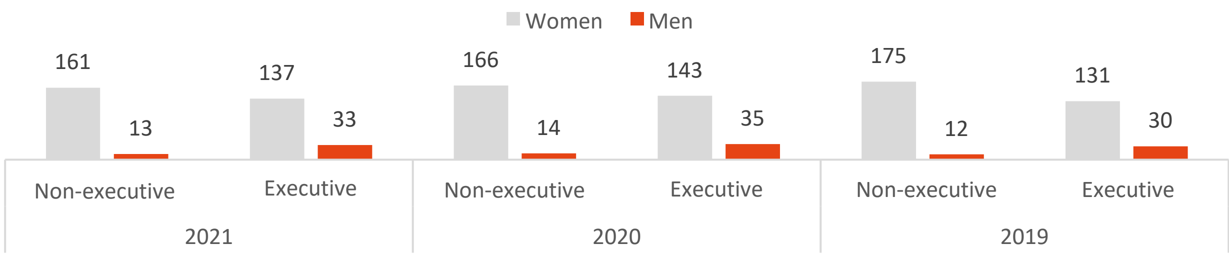
KPI: for BRED Parent company and its French subsidiaries, the rate of absenteeism due to illness was **5.5%** in 2021 compared to 4% in 2020. In the context of Covid-19, the rate of absenteeism is relatively variable.

In January 2021, a new agreement on Workplace Quality of Life was signed for a period of three years.
The purpose of the Workplace Quality of Life initiative, which is recommended within BRED, is to increase attractiveness and to improve the commitment, professional motivation and loyalty of all employees, while also reducing stress at work and absenteeism.

Work-life balance

BRED's management is aware of the importance of work-life balance for its employees.
For nearly twenty years, staff have had the possibility of working part-time. In 2021, 6.7% of permanent staff, of whom 86.6% are women, opted for part-time.

Breakdown of part-time permanent contracts by category and gender
BRED parent company and French subsidiaries

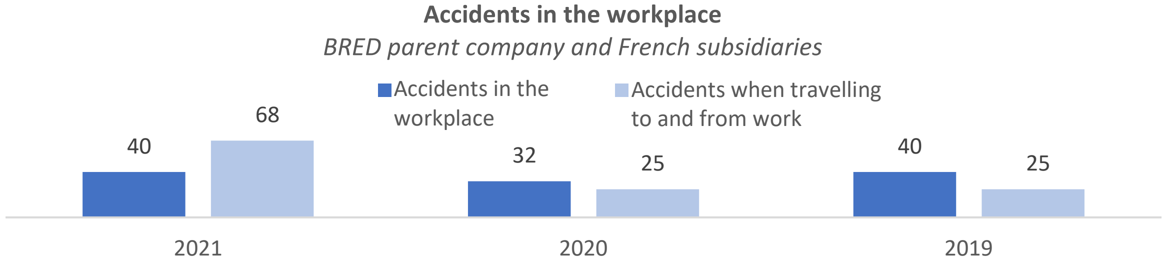


BRED entered into a company-specific agreement in 2016, renewed in 2021, enabling employees whose positions are compatible with telecommuting to work from home for one or two days a week.
Thanks to more appropriate communications about this agreement, more than 1,000 employees were able to take advantage of teleworking, excluding special measures put in place during the public health crisis. In addition, this latest version of the teleworking agreement allows network employees to complete their regulatory training from home, 4 days a year.

As in the previous financial year, due to the public health crisis, another version of our teleworking agreement was rolled out: remote working. For example, the majority of support staff worked remotely during the periods required by the public authorities.

Health and safety

BRED has a workplace stress action plan.
In November 2020, BRED also established a dedicated, effective, external phone line for assistance and psychological, independent support, guaranteeing anonymity and the confidentiality of "Qualisocial" exchanges. A mandatory medical check-up is scheduled every five years for each employee. It should be noted that at BRED this check-up takes place every two years for employees benefiting from independent medical coverage.
In addition, BRED's Management has opted to extend its independent occupational medical care to all employees in mainland France. This will make regular check-ups and employee assistance more effective.
For example, during the pandemic, the independent occupational medical service organised vaccination campaigns for BRED employees within its scope, which could not be implemented via inter-company medical care.
The severity and frequency of accidents resulting in absence is monitored as part of the aforementioned stress action plan. Occupational doctors employed at BRED conduct more regular visits.



A special section of BRED's intranet site has been reserved for use by the occupational health department to prevent a number of potential health risks such as repetitive strain injuries, mental health issues and addiction to smoking.

In addition, training sessions are regularly organised to prepare new entrants joining the commercial network for possible aggression (anti-social behaviour, armed attacks). Likewise, the prevention and management of antisocial behaviour is monitored and all employees receive regular information updates, reminding them how to react in specific circumstances. In this regard, a quarterly review is carried out with the staff representatives as part of the CSSCT (Health, Safety and Working Conditions Committee).
Aware of the important role of sports and cultural activities in job satisfaction, BRED fully supports these activities by awarding a grant to its four Social and Economic Committees which equals 2.25% of payroll. It therefore makes showers available to employees at the two main head office sites and offers rooms for those participating in the choir and theatre group. A BRED sports association encompasses several disciplines. Relaxation premises are made available to staff in the Paris and Joinville offices, such as cafés and rest areas.

Covid-19 health crisis

As in 2020, this year was particularly affected in terms of occupational health. BRED provided its employees with masks to ensure their protection very early. Antibacterial gel was delivered to the branch network as well as the head offices. Branch operations were modified by receiving customers only by appointment throughout the day, allowing employees to organise the arrival of customers themselves and thus avoiding customer crowding at reception. Branch working hours were relaxed during the first lockdown.

For head office employees, BRED's IT Services Department managed to mobilise to equip employees with the tools necessary for remote working. This commitment enable the adaptation to occur, which prevented employees who are not in contact with customers, from having to commute. Cleaning and disinfection were increased at the head offices and branches. Company restaurants were closed for the first time as well as cafeterias, and were reopened while abiding by a strict social distancing protocol.

Employee relations

BRED and its subsidiaries offer their employees a dynamic working environment and interesting career opportunities. All employees working in France are covered by the collective agreement of the Banque Populaire branch, a mutualist personal protection and supplementary health insurance institution (Malakoff Médéric). BRED's employee representative bodies in France and the overseas territories consist of a central social and economic committee, four local social and economic committees and four CSSCTs (health, safety and working conditions committees).

In 2021, the central social and economic committee was convened four times: twice for ordinary meetings and twice for extraordinary meetings. The CSSCT for mainland France met six times. Fourteen social and economic committee meetings were held in mainland France instead of the nine provided for in the agreement in order to maintain dialogue with the staff representatives and present our work organisation changes in response to the health crisis.

2.7 - Employer attractiveness

Challenge: manage and develop attractive careers, have an attractive compensation policy, achieve positive employer brand assessments, and attract talent easily in a competitive market.

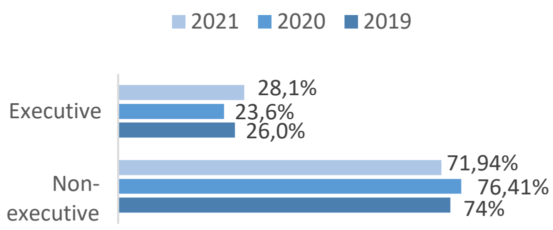
KPI: the staff turnover rate was **11.8%**, an average level according to INSEE's national standards and close to the 2019 figure, after a drop of 1.8 points in 2020, an atypical year due to the public health crisis. This rate, mainly affected by the dynamics of the labour market in Ile de France, is still below the maximum threshold set at 15% per year.

BRED is an attractive company as evidenced by the high number of hires and the quality of recruits. This appeal is maintained by BRED's excellent financial results, which enable it to develop a particularly effective compensation, career management and training policy. The details of its actions are set out in paragraphs 2.6, 2.8 and 2.9 of this report, as well as in the company report and the financial report.

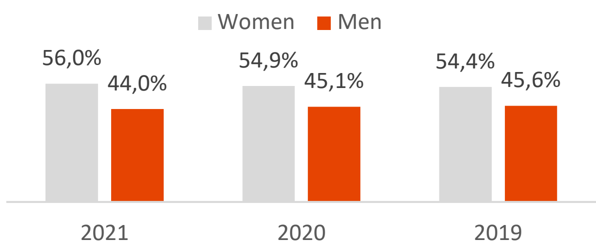
Recruitment policy

The employment policy of BRED is supported by a long-term employment perspective for its staff which can be perceived in the high proportion of permanent staff, in line with its desire to be a socially responsible employer.
Moreover, believing that a broad-ranging employment pattern in firms constitutes a factor of complementarity, social cohesion and strength, BRED strives to balance recruitment of men and women.

Breakdown of new hires by category
BRED parent company and French subsidiaries



Breakdown of new hires by gender
BRED parent company and French subsidiaries



Advancement of talents, development of skills and employee retention

A formalised annual periodic assessment interview (APA) is carried out by each employee's line manager. This is an essential management act to motivate, assess achievement of objectives, monitor skills development in relation to the activity, and recommend and monitor the improvements to be made.
In addition, a career development interview is conducted every two years to identify training needs, anticipate potential changes and offer career guidance to employees under the manager's responsibility.

2.8 - Employability management and professional conversion

Challenge: effective career planning, adapted training, alignment of skills with the organisation's strategy, rendering key expertise sustainable for business continuity, particularly in the case of reorganisations.

KPI: nearly **88%** of employees, in the BRED parent company and French subsidiaries, attended at least one training session in 2021. This indicator is near the 2019 level (89%) and remains well above the minimum target of 80%.
In 2020, this indicator reached a high mark of 94.8% due to the use of telecommuting to intensify training efforts.

The transformation of activities and business lines within BRED entails increased support for employees to enable them to develop the skills necessary for their development. This applies to both new skills to be developed and skills that should be strengthened in order to facilitate the career path of employees. Against this backdrop, BRED has made training a key pillar of its policy to promote the employability of all its employees.

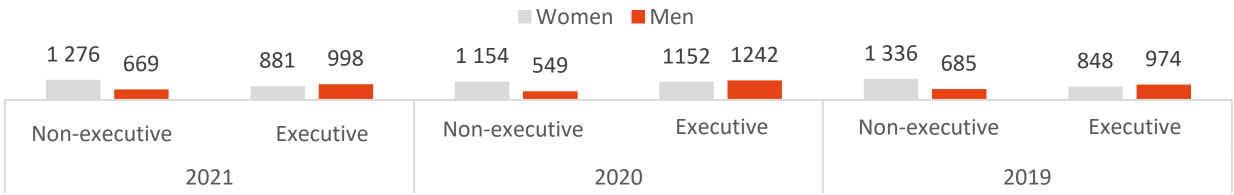
Skills development plan

The development plan is for all employees throughout their careers in accordance with the legal provisions concerning vocational training, employment and social democracy (Law no. 2014-288 of 5 March 2014).

BRED confirms a strong desire to strengthen the integration of new employees working in the commercial network with a day all about them, the BRED Advisers Academy and the career paths proposed.
Training which leads to a diploma also supports employee development, including a banking and insurance degree launched in 2019 in partnership with the Université Paris Est Créteil (UPEC).
Managers' skills are developed through the EMB (BRED Management School). BRED relies on collective intelligence, with the practice of collaborative management.

With a training effort of 6.55% of payroll, BRED is well above the sector average and the legal obligation of 1%.
The number of hours allocated to training in 2021, i.e. 277,628 hours, compared to 242,328 in 2020, is indicative of BRED Group's sustained efforts to provide training for its employees in a demanding and ever-changing environment.

Breakdown of the number of employees who received at least one training course in the year
BRED parent company and French subsidiaries



Support for seniors

BRED assists seniors in their professional development and helps them both before and during their retirement as part of Groupe BPCE's employment and expertise management planning agreement signed on 22 December 2017 and which was renewed for the 2021 financial year.

Groupe BPCE's employment and expertise management planning agreement

Respect for social equilibrium in companies creates an intergenerational dynamic that benefits everyone. Three key points are emphasised through this agreement:

- The search for balance in the age pyramid by integrating young employees under the age of 30 and retaining seniors in positions,
- The quality of youth integration programmes and development of their skills, particularly through work-study placements,
- The proper transmission of knowledge and skills.

2.9 - Equal treatment, diversity & inclusion

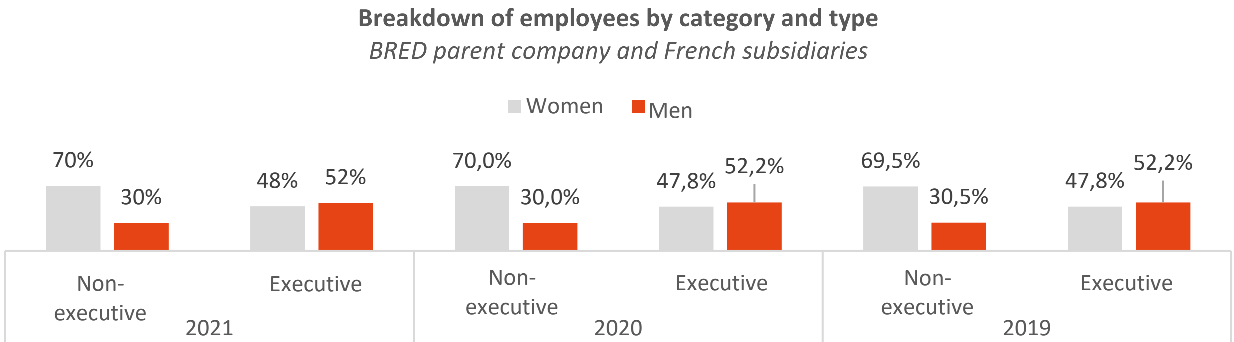
Challenge: equal treatment of candidates and employees (wages, career development and/or treatment), no discrimination whatsoever based on gender, ethnicity, religion or beliefs, disability, HIV/AIDS infection, migratory status, nationality, sexual orientation or sex change and/or any reason not related to the requirements of the tasks that an individual is responsible for carrying out.

***KPI:* 48%** of executives are women.
This proportion increased by 0.2 point in 2021, edging slightly closer to the 50% target, thanks to a recruitment and career management policy that promotes gender diversity and balanced representation at all levels of the company.
In March 2021, the Diversity Charter was signed by Groupe BPCE companies, including BRED.
The purpose of this charter is to share with all the Group's companies common diversity beliefs through ten concrete commitments to be pursued and developed in the years to come.

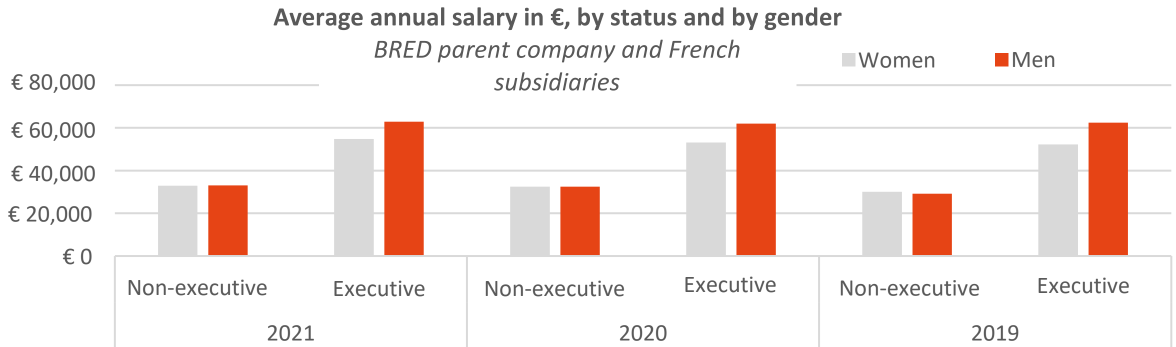
Gender equality

Gender equality is a contributing factor to economic performance and is also a catalyst for innovation and societal progress. Changing mentalities and updating representation are part of the BRED undertaking.
For many years BRED has made its human resources policy a priority objective.
In 2020, BRED's Equality certification was renewed for four years. In 2021, BRED's professional equality index stood at 86 points out of 100.

An initial company-wide agreement was signed with the trade union organisations in January 2008. BRED subsequently confirmed in 2021 that the fair management of its company and employees was a priority.
It therefore continued the work already under way to eliminate any form of gender discrimination at work and in particular reduced unjustified pay gaps and implemented a career management policy that promotes gender equality.
This agreement focuses on seven priority areas: effective compensation, recruitment, vocational training, career development, working conditions, work-life balance, awareness-raising and communication.
Women have accounted for over half of the workforce, at a stable level over the past three years.
In 2021, women made up 57.3% of employees on permanent and fixed-term contracts, excluding work-study placements, within the scope of BRED parent company and French subsidiaries.

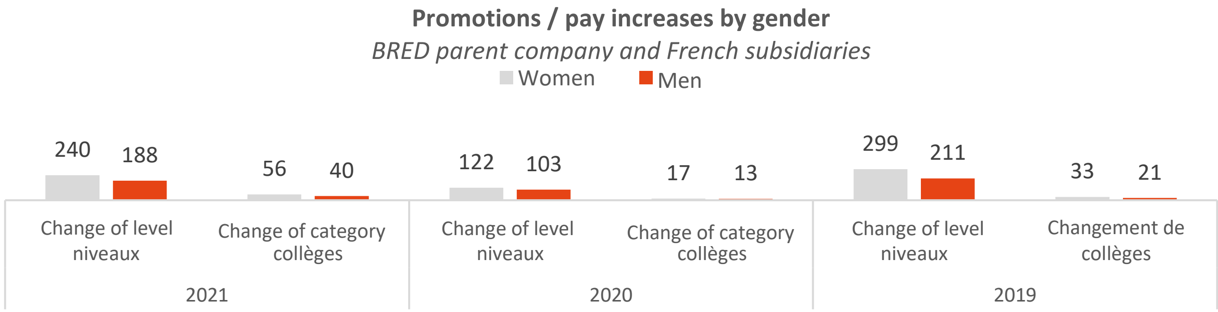


The average salary of non-managers is almost identical between men and women. However, for executives, the average salary of men remains 14.7% higher than that of women, although the gap has been decreasing since 2019



Promotions

Every year BRED analyses and reviews individual pay levels and changes based on performance targets assigned to employees.
In addition, in the framework of the gender equality agreement, BRED improved the legal measures for increasing remuneration after each maternity leave (enhancement of the non-penalisation guarantee following maternity). This global compensation policy is designed to recompense individual performance but also to reward each contribution to the success of the firm through collective compensation (variable, profit-sharing, participation) by seeking to ensure fair promotions and salary reviews among women and men.



Diversity

Diversity is one of BRED’s strengths. It is encouraged by ensuring gender equality and social diversity in both recruitment and promotions.

BRED's HR policy generally prohibits any form of discrimination. BRED facilitates employment of disabled persons in compliance with the various charters signed by BRED directly or with those signed by BPCE on behalf of Banques Populaires.

BRED's solidarity and diversity approach is structured around two agreements: an agreement on gender equality and an agreement on disabilities. The provisions of these agreements prohibit discrimination, particularly on the basis of gender, family circumstances, maternity, physical appearance, health, disability, genetic characteristics or age.

Created at the beginning of 2013, the BRED Pluri’elles network is an active social network of the BRED Group promoting diversity-based values and reducing barriers linked to stereotypes in terms of gender diversity and age, across all business lines and regions.

Disability

The signing of a fifth Banque Populaire branch agreement to increase the employment of persons with disabilities from 2020-2022 reinforces BRED’s committed, responsible and sustainable policy on the subject. This agreement was concluded in accordance with Law no. 2018-771 of 5 September 2018 on the freedom to choose one’s professional future, which entered into force on 1st January 2020 and which reforms the obligation to employ disabled workers (OETH). Its purpose is to expand disability awareness initiatives, recruitment and retention of persons with disabilities.

BRED’s “Mission Handicap” programme was created in 2008 to increase awareness throughout the company and support initiatives to integrate and retain employees with disabilities in BRED’s various business lines. In 2021, Mission Handicap carried out communication initiatives both internally and externally and developed its partnerships.

- Hiring initiatives with renowned partners: Handicap.fr, Défi RH, Aktiséa and Handisup Normandie.
- Attendance at many forums: Nanterre Virtual Forum, ESSEC Virtual Open Forum, virtual forum on work-study with FEDEEH, Handisup Forum in Rouen, ICP Paris Forum.
- Participation in the 2021 /2022 work-study campaign for several months in collaboration with Aktiséa and the managers of the work-study programme.
- Coordination of the all-digital disability week.
- Group workshops and training modules on a wide range of disability topics.
- Redesign of the Mission Handicap web space on the BRED intranet.
- Brochures, surveys, awareness-raising, monthly and quarterly newsletters.
- Roll-out of a “Disability and Life at Work” green edition.

BRED continues to regularly call upon establishments in the sheltered employment sector (STPA) and the protected worker sector for various services. These purchases from the sheltered employment sector are no longer included in the employment rate (as an indirect employment rate) but are valued as deductible expenses, reducing the amount of the contribution due in respect of the obligation to employ disabled workers (OETH).

BRED regularly calls on companies in the protected worker sector and sheltered employment sector, such as: ANRH (telephone switchboard), Cedatra (office supplies), ATF GAIA (WEEE reconditioning), Fastroad (mail processing and employee transport), Le Petit Plus (management of paper waste and cartridges), L'Atelier du Courrier (logistics services and mail delivery) and Documenthom (digitisation of customer files in branches).

2.10 - Integration of ESG criteria into credit and/or investment decisions

Challenge: boost integration of environmental, social and governance (ESG) criteria into financing and investment decisions.

KPI: in 2021, the share of credit applications in excess of €1 million that included an analysis of ESG risks amounted **to 86.8%**, up 20 points compared to 2020. This increase in volumes is explained by the centralisation of ESG risk analyses by the CSR teams; previously they were managed by the sales teams. This change reflects BRED's commitment to supporting its customers' environmental transition and taking climate and social issues into account in its credit policy.

ESG risk analysis is carried out for all financing applications in excess of €1 million, with particular attention paid to sensitive sectors. This approach, which has been validated by the Executive Committee and the Risk Committee since 2018, is formalised in BRED's credit policy.

KPI: in 2021, assets under management of SRI (Socially Responsible Investment) funds and, SRI and solidarity-based FCPEs held by BRED clients amounted to more than **€2 billion**, a slight drop of 2.1% compared to 2020. This relatively small variation stems from exogenous factors related to the very volatile nature of a significant portion of assets comprising short-term cash UCITS.
The SRI approach consists of investing in companies that take into account in their development model the environmental, social, societal and governance impacts linked to their activity. This is the aim of BRED's third-party asset management and life insurance teams, which carry out their activities within dedicated subsidiaries such as PROMEPAR Asset Management et PREPAR.
These subsidiaries comply with the disclosure requirements of Article 173 (paragraph VI) of the Law on the Energy Transition for Green Growth of 17 August 2015 by preparing an annual report on the inclusion of ESG criteria in their investment and risk management policy.

Since 2019, PROMEPAR AM has signed the Principles for Responsible Investment (PRI). Launched by the United Nations in 2006 for institutional investors and management companies, the PRIs aim to create a unifying framework through an international network of signatories to take account of environmental, social and governance criteria in investments.

BRED takes into account the environmental and social impact of its investment policy when investing its own funds.
The share of investments in funds that have defined an ESG policy has been growing steadily for several years, standing at 8.2% of total investments in 2021, compared to 7.5% in 2020.
Total investment in funds that have defined an ESG policy amounted to more than €210 million in 2021, up 30% compared to the previous year. They include investments particularly supporting the energy and ecological transition and contributing to climate risk mitigation, which increased by 25% year-on-year.

2.11 - Financing the energy transition and green and blue growth

Financing for renewable energy projects

Challenge: provide active support to help finance the energy transition and green and blue growth.

KPI: the amount of renewable energy project financing was **€9.45 million** in 2021, versus €12 million in 2020.
BRED is active in renewable energies, including solar, wind and methanation. Nevertheless, the decline observed was characterised by a lag in files at the beginning of 2022.

BRED is committed to getting involved and supporting the financing of energy transition projects, not only by financing of renewable energy production projects, but also by financing the strategic sectors of the ecological transition supported by the government and Europe, such as green mobility.

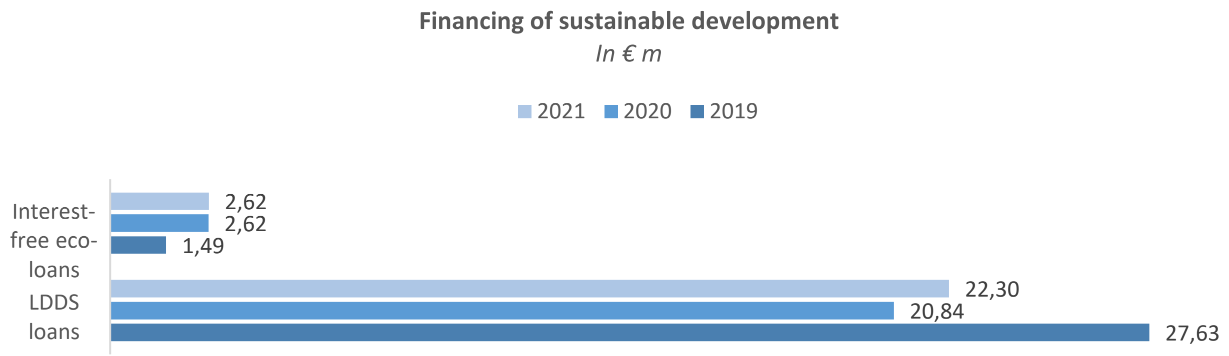
As such, BRED participated in financing the very first French project for the deployment of charging stations for electric vehicles for approximately €12 million (including €5.4 million directly financing the infrastructure).

BRED is the only bank to join the Eiffel Energy Transition fund for the financing of energy transition projects in Europe. In Reunion and Mayotte, BRED finances solar energy projects.

Financing of energy-saving work

Starting on 1 October 2020, Solidarity Savings Account holders can now make donations to the Social and Solidarity Economy (SSE).

At BRED, any holder of an LDDS (sustainable development and solidarity savings account) may make a donation to the following associations: ADIE, APF France handicap, Apprentis d'Auteuil, Entreprendre Pour Apprendre, Fondation Tara Océan, France Active, Doctors Without Borders, Réseau Entreprendre, Les Sauveteurs en Mer (SNSM) and Surf Insertion.



2.12 - Our environmental footprint

Direct environmental footprint

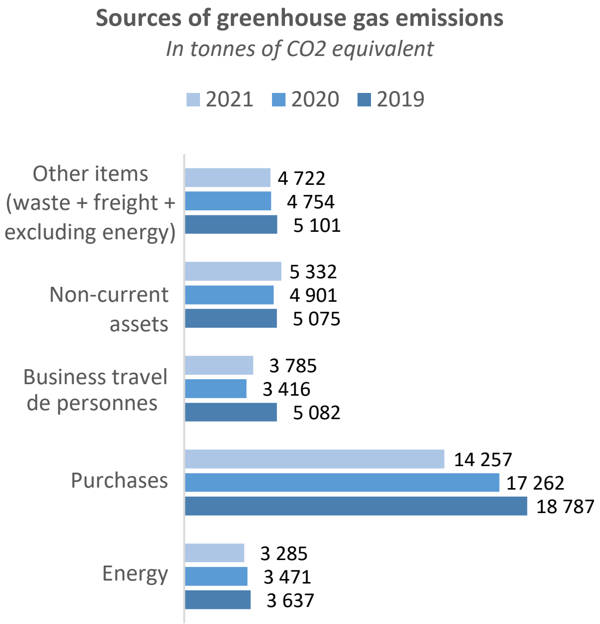
Challenge: contribute to the fight against climate change by reducing greenhouse gas (GHG) emissions resulting from the bank's operations (carbon footprint) and by reducing waste (paper, WEEE, office supplies).

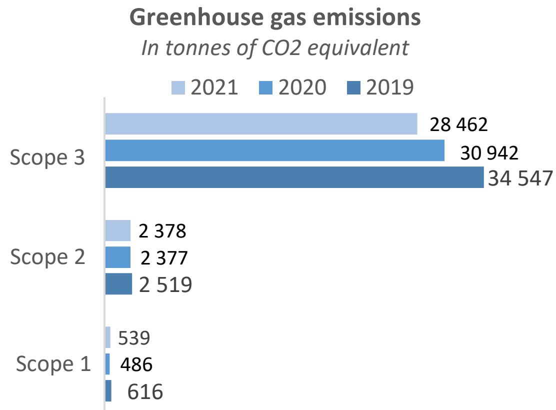
Key indicator: in 2021, BRED's carbon emissions amounted to **7.2 Teq CO2** per employee, down 7.7% compared to 2020.

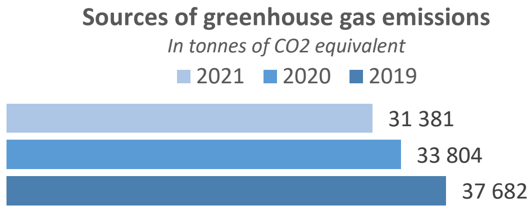
Article 173 of the French energy transition act promoting green growth requires companies to include the carbon footprint of their direct activities in their annual management report, including products and services they provide under Scope 3. Depending on the sector, these indirect emissions may be three or four times larger than direct emissions.

In its daily activity, BRED generates direct impacts on the environment even if, because of its service sector work, its environmental impacts are limited. Nevertheless, areas for progress can be identified. The Paris Agreement encourages companies to agree on an average reduction in GHG emissions of 5% per year through 2050.

To this end, since 2011 BRED has conducted an annual carbon footprint analysis, using the sector-based bilan carbone® tool dedicated to network banking activity and developed by BPCE and the ADEME, which focuses on 50 central questions.



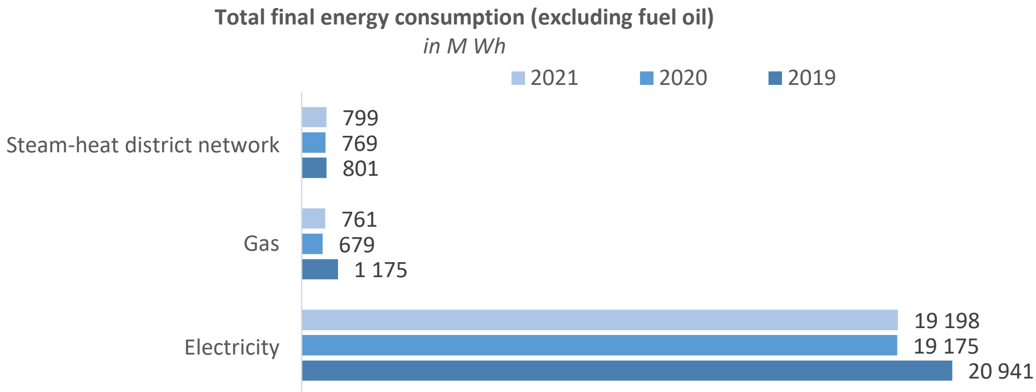




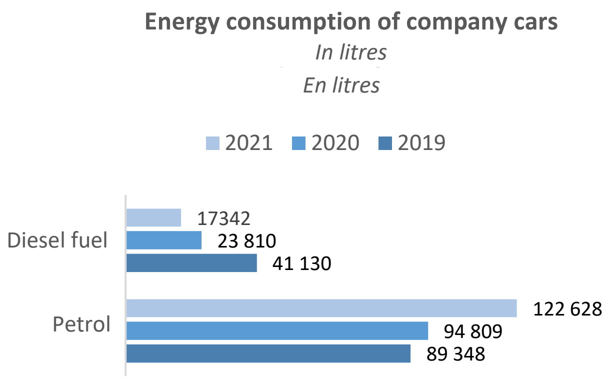
In its analysis, BRED identifies items in its carbon footprint which it can significantly improve:

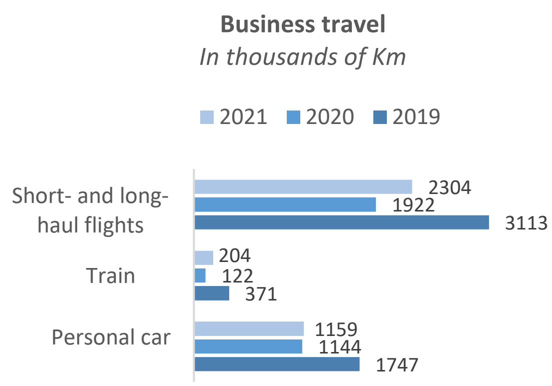
Energy consumption: many actions have been taken:

- Improved energy efficiency (optimisation of lighting, regulation of temperature and air conditioning with automatic night-time reduction, improved insulation at the head office in La Rapée, programme for managing standby mode of IT devices and centralised technical management system).
- Reduced consumption of paper (paperless offices, scanning and removal of printers).
- Roll-out of a video-conferencing system; refrigerant fluid pipes emitting GHGs brought to standard; Low-Consumption and High Environmental Quality Buildings in Joinville-le-Pont and La Défense on PREPAR's premises.
- Recovery, reuse and ecological disposal of ink cartridges.
- Addition of two electric service vehicles and four hybrid vehicles its vehicle fleet.
- The purpose of the contract negotiated between Groupe BPCE and ENGIE for energy invoicing for BRED is to optimise the traceability of energy consumption.



Business transport: for business travel, BRED has produced a dashboard indicating the mileage by type of transport. The business travel policy defined by BRED encourages using trains for appropriate journey distances rather than flying. Reflection is underway, in accordance with the Mobility Law, to convert BRED's fleet into low GHG-emitting vehicles.
In 2021, a total of 1,012 BRED employees worked remotely, thus limiting business travel.





Transport and shuttles: links between branches – delivering post and collecting cheques – have been carried out at night and pooled with other customers. The service is faster and the number of kilometres covered per branch has been reduced. This initiative has been under way for the past two years and has reduced the trips made by 40%.
As for air transport, the weights shipped continue to be reduced, due in particular to the paperless programme.

Paper consumption: BRED is increasingly digitising documents and is mainly using Imprim'vert-label (eco-certified) printers.
Water management: strictly speaking, BRED does not have a significant impact on water consumption and waste water, except for domestic use in its offices and branches, and is not affected by any local restrictions on water supply or use.

Biodiversity management: the protection of biodiversity is a component of the environmental policy in the same way as the other measures (reduction of the carbon footprint, green products, etc.). However, contrary to factors such as greenhouse gas (GHG) emissions, the work to integrate the notion of biodiversity in banking practices is less advanced.

In 2019, BRED committed to restoring degraded land by joining the investor pool of the Land Degradation Neutrality (LDN) fund managed by Mirova, Groupe BPCE's asset management company dedicated to responsible investment, for €9 m. The fund's objective, supported by the United Nations, is to restore 500,000 hectares of degraded land around the world, create 100,000 local jobs and save 35 million tonnes of CO_2 > through agricultural projects, reforestation and eco-tourism. Through this transaction, BRED supported three degraded land restoration projects Y Peru, Indonesia, and Kenya.

In 2020, BRED chose an eco-grazing solution to maintain its green spaces at its archiving site. Greensheep is responsible for maintaining a sheep flock in compliance with health and veterinary requirements.

Pollution prevention: because of its activities, BRED is not concerned by issues relating to noise pollution and land cover because its offices and commercial premises, which frequently are on multiple floors, means that its land cover is lower than that of industrial activities which extend over a single level.
The same applies to issues regarding emissions into water, air and soil, given the nature of its activities.

In terms of light pollution, BRED applies the regulations that have limited light pollution, energy consumption and nocturnal lighting in non-residential buildings since 1 July 2013.

Waste management and recycling – circular economy: BRED complies with recycling regulations and requires similar compliance from its subcontractors (nearly all companies have adapted) in terms of prevention, recycling and re-utilisation and other forms of recovery and elimination, namely:

- Waste arising from work on its buildings;
- Waste electrical and electronic equipment (WEEE);
- Office furniture; light bulbs;
- Management of liquid refrigerants;
- Office consumables (paper, printed material, ink cartridges, etc.);
- Removal of plastic cups.

In 2021, 10 metric tonnes of waste electrical and electronic equipment (WEEE) were recovered.

Managing environmental and societal risks: environmental risk mainly arises from the company's banking business. They arise when environmental criteria are not taken into account in the projects financed by the bank. In France, more and more the law is requiring that these criteria be taken into account. In addition, businesses and facilities that represent an environmental risk are covered by "ICPE" regulations (Installation Classée pour la Protection de l'Environnement – classified environmental protection facilities).

The financing activity of the regional co-operative banks is focused on businesses in France, which mainly comprise professional customers and SMEs not involved in projects with any significant environmental impact.

For 2021, BRED recorded no provisions or guarantees in its financial statements to cover environmental risk.

Indirect environmental footprint

Work to measure the carbon footprint of financing portfolios: BRED supports the Carbon Pricing Task Force in Europe as it believes that climate change is a major challenge for the coming decades.

In line with this conviction, since 2018 BRED has incorporated the analysis of ESG risks into the decision-making process about loans granted to its large corporate customers. Data on the greenhouse gas emissions of the financed companies are archived in order to have a view, at the end of 2022, of the greenhouse gas emissions financed and how they are evolving.

In addition, since 2021, the Energy Performance Diagnostic score has been systematically entered when home loan applications are submitted.

The objective of the Taxonomy Regulation (EU) 2020/852: BRED plans to commit to a long-term change in its balance sheet as part of a strategy to mitigate the climate impact of its activities and the assets financed, invested or insured. Among its priorities for action, BRED is committed to supporting all its customers with regard to environmental issues and making the environmental transition one of its main growth drivers as part of its strategic plan.

The European taxonomy is a methodology for assessing a company's activities against environmental objectives, and more specifically, in its current version, with respect to climate change mitigation and adaptation.

The regulation calls for these assessments to be implemented in several phases.

For this first financial year according to the delegated act adopted in July 2021 [(1)], the objective is to identify "eligible" activities, that is, products or services that may potentially (but not necessarily) contribute to climate change mitigation or adaptation. For financial institutions, a ratio measuring the balance sheet share of assets eligible under the taxonomy will be published.

In a second phase, green assets corresponding to activities referred to as "taxonomy aligned" will be assessed: they differ from eligible activities because they compare the performance of these activities with technical criteria and requirements about respecting the environment and social issues. These so-called aligned activities, which will be able to be assessed on the basis of company data starting in 2024, will be published by BRED and will enhance its green measures.

For BRED, the taxonomy is an essential tool to increase the transparency of climate measures and encourage the sustainable development of companies' green activities and their financing.
Thus, while these initial asset ratio assessments in their eligible versions do not reflect a real green measure (as the alignment ratio aims to do in 2024), they are nevertheless a first step marking BRED's intention to make every effort to incorporate, as soon as possible, in its regulatory publications, the changes in the legal framework.

Framework of the exercise and result of the assessment of the eligibility ratio under the taxonomy: BRED publishes its eligibility ratio for its activities as a credit institution.

***[(1)]** Delegated regulation (EU) 2021/2178 of 6 July 2021*

The assessment is based on data at 31/12/2021, for the prudential scope of consolidation, in a FINREP-compliant environment, measured in gross book value. It does not take into account off-balance sheet exposures (financial guarantees and other off-balance sheet exposures).

In accordance with the regulation, central governments, central banks and supranational bodies as well as financial assets held for trading are excluded from the numerator and denominator of the ratio.

Companies that are not required to disclose non-financial information under Directive 2013/34/EU (NFRD) and demand interbank loans are excluded from the numerator.
Note that in this mandatory format, in the absence of data published by companies, the ratios do not take into account any potential company eligibility.

Home loans and car loans to individuals were considered eligible activities regardless of their geography.
Important note: the assessment of assets eligible for taxonomy is an unprecedented exercise, the results of which depend partly on the interpretation of regulations by the institutions measuring them. These texts are further developed in recent regulations, with some specifications published in February 2022. Some points about the application methodology still require clarification. Thus, BRED notes that, while efforts have been made to better meet the requirements, the methods used are likely to change.

At 31/12/2021, in accordance with the mandatory disclosure format, the share of BRED exposures to economic activities that are taxonomy-eligible relative to the total exposures covered by the ratio was 23%.

The share of exposures to economic activities not eligible under the taxonomy relative to the total exposures covered by the ratio was 77%.

In addition, BRED calculated a ratio on a voluntary basis, which amounts to 33%, taking into account outstanding financing granted to EU companies under NFRD which are taxonomy-eligible.

The bulk of eligible assets are outstanding home loans and loans to local authorities, social housing loans and auto loans.

Details on the coverage of outstanding amounts:

Share of exposures covered by the ratio, relative to total on-balance sheet exposures	71.5%
Share of other exposures not included when calculating the ratio, in relation to total on-balance sheet exposures	28.5%
- Of which: trading book	*12.5%*
- Of which: central banks	*0.7%*
- Of which: sovereign issuers	*15.3%*
Total on-balance sheet exposures (ref. FINREP total)	**100%**

Share of derivatives relative to total exposures covered by the ratio	0.18%
Share of exposures on demand interbank loans in relation to total exposures covered by the ratio	6.45%

2.13 - Compliance with laws, business ethics and transparency

Combating corruption and anti-money laundering

Challenge: compliance with regulations and business ethics; prevent corruption and fraud; and ensure that financial and extra-financial information is transparent.

KPI: in 2021, nearly **96%** of employees from the scope of BRED parent company and French subsidiaries (permanent, fixed-term and work-study contracts excluding interns) were trained on anti-money laundering in the previous two years. This indicator, up 4 points compared to 2020, is close to the target set at 100%.
This change is linked, in particular, to the teleworking agreement, which was renewed in 2021, which allows network employees to carry out their regulatory training from home.

With regard to AML-CFT, employee training in anti-money laundering is a necessity. The objective is that all employees will receive training over a two-year period.
In addition to the biannual training cycle, a general training cycle was completed for the first time in 2018 and again in 2020.
In addition, BRED stepped up its anti-money laundering and combatting the financing of terrorism (AML-CFT) training by adding a classroom-based module covering the retail bank's sales functions to its e-learning training for new recruits.

For monitoring purposes, customer account managers and the AML-CFT division use a filtering tool that flags for analysis any significant or unusual transactions; trigger points vary depending on the customer's risk profile.
Politically exposed persons (PEP) and their immediate friends and families, who are particularly exposed to the risk of corruption, are allocated the highest risk profile.

The AML-CFT division also regularly updates a list of so-called "sensitive" countries, and any customers residing in these countries will rank as high risk. This list is based on the lists issued by the FATF, the OECD and the European and French authorities and also on the Transparency International classification, which is the benchmark in terms of measuring national performance in combating corruption.

As regards the fight against corruption, in parallel with the creation of the French Anti-Corruption Agency, which falls under the Ministry of Justice and has control and sanctioning authority, the system required by the Sapin II Law contributes to the general management of activities (code of conduct, staff training, alert system, etc.) and the reinforcement of the internal control system (accounting audits, global assessments, etc.) with the objective of combating acts of corruption in France and abroad.

As a stakeholder in certain working groups organised by the Central Body, BRED has enhanced its internal doctrine by incorporating a code of conduct and expanding its ethics alert system.

In accordance with the legal requirements, BRED also maps corruption risk related to its organisation. This exercise enables BRED to implement control measures and/or specific controls to ensure optimal control of the risks identified.
BRED also provides its employees with specific training sessions relating to ethics and the fight against corruption.
Lastly, BRED rounds out its system by building up a base of controls of various types.

Internal control mechanism

In accordance with the legal compliance charter and in line with the anti-corruption policies put in place within Groupe BPCE's policy, BRED has introduced a number of internal control systems.

These systems relate to:

- **Financial Security:** combating money laundering, the financing of terrorism and internal and external fraud. With regard to preventing and tackling internal fraud, a framework procedure was strengthened in early 2019 and implemented in the course of 2019, in compliance with the GDPR (General Data Protection Regulation).
- **Professional Ethics:** a whistle-blowing procedure and a procedure for reporting gifts and benefits received by staff in association with BRED's internal regulations.
- **Transaction Security** regarding sensitive persons able to access sensitive privileged and confidential information.
- **Selection of service providers and suppliers**: inclusion in the selection process of criteria and obligations to be followed in the fight against corruption.

Within BRED, several business divisions, reporting to the bank's Risk, Compliance and Permanent Control Department, are currently responsible for combating corruption:

- **The internal fraud division**, following targeted checks or reports received via the whistleblowing procedure, investigates the actions and transactions of any Bank employee suspected of improperly benefiting from their position (credit decisions or management powers).

- **The anti-money laundering and combating the financing of terrorism division (AML-CFT)** intervenes in any customer transaction likely to fall within the declaration requirement of the fifth AML-CFT Directive, with a particular focus on Politically Exposed Persons (whether French or non-residents).

- **Ethics and investment services compliance**: prevents the risk of conflicts of interest between the bank's various activities and those carried out on behalf of customers. The Compliance Officer has a set of "good conduct" rules and practices to be followed by staff, particularly customer relations teams.

Combating tax evasion

BRED participates in tax optimisation transactions as part of asset financing that allow a portion of the corporate tax gain to be transferred back to the operating company. Known to the tax authorities, these asset-lease financing schemes concern two types of investments.

- Investments in overseas departments and collectivities (LODEOM scheme, Article 217 undecies of the French General Tax Code) – hotels, ships, aircraft, renewable energy projects, industrial equipment (etc.) – invoking derogations from common law. These operations require tax approval from the competent departments of the Ministry of the Economy and Finance, ensuring in particular that the supported investment meets strict criteria in combating money laundering, maintenance or creation of jobs, regional development policy and environment and sustainable development policy.

- Vessels acquired by shipping companies subject to the tonnage tax in France, a tax aid scheme promoted in France to maintain a French trade fleet under the French flag. The tax leasing scheme in question is known to the French tax authorities, having been the subject of a scoping letter between the Directorate of Tax Legislation and the French Shipowners' Association. These operations are exempted from a specific authorisation because they are covered by common law provisions: tonnage tax, declining balance method of depreciation, transparency or tax consolidation.

BRED also benefits from a tax credit for its research and innovation expenditure, while adopting a cautious approach to determining eligible projects.

France transposed into domestic law Directive 2018/822 of 25 May 2018 called "DAC6", which provides for an obligation to declare to the tax authorities of the Member States of the European Union cross-border arrangements with certain characteristics, known as "markers", indicating a risk of tax evasion. In this context, BRED has set up an internal organisation (training of employees and identification of business line representatives), that enables it to fulfil its reporting obligations (Articles 1649 AD to 1649 AH of the French General Tax Code) which require intermediaries or taxpayers who have participated in the implementation of a potentially aggressive cross-border arrangement to declare this arrangement to the tax authorities.
Finally, pursuant to Articles L. 561-2 et seq of the French Monetary and Financial Code, BRED has set up a vigilance system relating to the fight against money laundering and financing of terrorism. This system also incorporates constant vigilance regarding the suspicion of tax evasion.

Exclusion policy relating to the arms and munitions sector

BRED has introduced an exclusion policy on financing and investing in companies involved in the production, trade or storage of anti-personnel mines and cluster munitions. This policy is applied to all financing activities and investment activities on our own behalf and for third parties. The policy is factored into decisions by the relevant decision-making bodies (Credit Committee, Investment Committee, etc.).

2.14 - Data security and confidentiality

Data protection

Challenge: protect the IT systems and personal data of customers and employees.

KPI: in 2021, **83%** of employees within the scope of BRED parent company and French subsidiaries had been trained in European data protection regulations in the previous three years, against a target of 100%. This indicator is down 12 points from 2020.

BRED applies (EU) Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR).

To this end, BRED has appointed a Data Protection Officer (DPO) to the French supervisory authority (CNIL). The DPO, in accordance with the tasks conferred on him by the GDPR, is responsible for the proper application of this regulation within the company. He is supported by a team of four dedicated experts and a network of roughly 50 Personal Data Protection Officers (PDPOs) appointed within each business line and forming a data protection function. All BRED employees have been trained in the basic principles of the GDPR and PDPOs and project managers receive advanced training.

BRED published its personal data protection policy, established its personal data processing map and analysed the risks associated with its processing. Processing that poses a significant risk is subject to a Data Protection Impact Assessment (DPIA). The project method has been adapted to allow privacy principles to be taken into account from the design phase. Finally, a large project to update existing applications has been launched to make the necessary adaptations to those applications in accordance with GDPR requirements.

Information system security

Committed to ensuring a high level of security in the banking relationship with its customers, BRED implements systems for securing access to banking transactions and data, both on its BRED Connect web application and on its mobile applications.

To do this, BRED has a procedure for protecting its information system that is organised around two lines of defence. The first line of defence is the operational defence response based on a Security Operation Centre (SOC), an authorisation management system, and teams in charge of implementing the security rules necessary to protect BRED's information assets. The second line of defence is provided by the ISSOs (Information System Security Officers), who carry out due diligence for ISS governance, risk and compliance.

In this regard, BRED has an IT asset classification system that identifies the most sensitive information assets and implements adequate security and continuity due diligence to address the various cyber threats. In order to strengthen these aspects, annual stress tests are carried out on all BRED Group IT infrastructures in order to make sure they are efficient. In addition to these procedures, information campaigns about information system security are regularly carried out with BRED staff.

Finally, due to the public health crisis, the business continuity plan (BCP) was activated in 2020 by General Management and extended during periods of Covid tension in 2021. The measures associated with the crisis and requested by the government were implemented, including the use of telecommuting for the business lines that allowed it. In terms of IT system security, exceptional measures to boost the security level were carried out in addition to the usual operational due diligence.

3 - 2021 METHODOLOGY

BRED Banque Populaire endeavours to provide accurate and transparent information on its actions and commitments in relation to Corporate Social Responsibility (CSR).

3.1 - Indicators used

BRED's declaration of extra-financial performance refers to a common set of core indicators used by all Groupe BPCE entities. These indicators are completed by BRED as a separate entity and then consolidated at Group level.

At the end of 2021, the update to the extra-financial risk mapping relating to activity allowed us to identify 13 major risks out of the 19 risks analysed.
Each of them is the subject of an action plan and a follow-up using key performance indicators.

The reporting protocol also takes into consideration:

- Recommendations made by Groupe BPCE's ad hoc working group.
- Remarks made by the Independent Third Party Bodies in the framework of their auditing work for previous periods for the CSR items, in the management report from Groupe BPCE.
- Harmonisation of carbon indicators used in the greenhouse gas inventory.

A CSR reporting user guide has been produced, and was followed by BRED when preparing the declaration of extra-financial performance chapter of this report. BRED also referred to the BPCE methodological guide for environmental data and an information gathering system (SPIDER) provided by BPCE.

3.2 - Exclusions

In view of its risks, BRED does not consider to be relevant information relating to the amendments to Article L 225-102-1 of the French Commercial Code, introduced by Law no. 2018-938 of 30 October 2018 regarding combating food insecurity, respect for animal welfare and responsible, fair and sustainable food. Measures to combat food waste (Ordinance no. 2019-1069 of 21 October 2019 on the fight against waste) are excluded from the report.

3.3 - Reporting period

Published information concerns the period from 1st January 2021 to 31 December 2021.
When physical data was not exhaustive for the reporting scope or the period, the authors carried out order-of-magnitude calculations to estimate the missing data using average ratios supplied by BPCE. No estimates were made for 2021.

3.4 - Reporting scope

The scope of the declaration of extra-financial performance, for the majority of indicators, focuses on BRED's core business, namely the entity BRED SA, except for indicators relating to human resources management, which are extended to the French subsidiaries of BRED because the HRIS does not yet provide any details on the restricted scope of BRED SA. Foreign subsidiaries were excluded.

Until 2020, BRED's declaration of extra-financial performance included 3 out of 15 key indicators (see table on next page) that were calculated on the consolidated BRED scope, including its international subsidiaries. The 12 other key indicators are already calculated for the scope of BRED SA or BRED SA extended to its French subsidiaries.

The harmonisation of the scope of BRED's key extra-financial indicators, which took place this year, meets the request of BPCE's CSR function, which is responsible for consolidating the individual CSR reports of Groupe BPCE institutions and is seeking to receive consistent information from the regional banks. This year, BPCE decided to exclude international subsidiaries from the reporting scope.

In addition, the BRED SA scope also corresponds to the historical scope of BRED's carbon footprint analysis, which is an integral part of regulatory CSR reporting and is included in the declaration of extra-financial performance, notably through a key indicator.

The calculation of key indicators extended to BRED Group's international subsidiaries was, in practice, not relevant and difficult to achieve. These subsidiaries account for 25% of the total headcount of BRED Group, but taken in isolation, each represents an average of 3% of the total headcount of BRED Group.

3.5 - Methods for calculating indicators

§	Risks	Key performance indicators	Calculation	Scope	Change in indicator
2.1	Financing of the real economy and societal needs	Increase in outstanding loans	Change in % of average month-end outstanding loans on BRED's balance sheet at the end of December of year N compared with those recorded at the end of December of year N-1.	BRED parent company and French subsidiaries	
2.2	Socio-economic footprint and regional involvement	Percentage of local suppliers	Number of active suppliers having received at least one payment during the year, based in BRED regions, relative to the total number of suppliers. Expressed as a percentage.	BRED parent company	This ratio included all suppliers located in BRED regions. It was filtered to reflect only "active" suppliers.
2.3	Sustainability of the customer relationship	Attrition rate	Number of individual and business customers whose status had slipped from "Active, insured & equipped", "Active & equipped" or "Active" to "Active & equipped", "Active" or "Inactive" at 31/12 of year N compared to the number of individual and business customers at 1/1 of year N.	BRED parent company	
2.4	Customer protection and service transparency	% of complaints about "information - advisory" out of total complaints	Number of complaints about "information/ advisory" processed in year N with a favourable response relative to the total number of complaints processed in year N. Number of complaints about "unauthorised transaction" processed in year N with a favourable response relative to the total number of complaints processed in year N.	BRED parent company	number of "information/ advisory" complaints relative to total number of complaints.
2.5	Accessibility of services and inclusive finance	Annual production of ADIE micro-loans (€ m)	Amount of the credit line granted by BRED's Credit Committee.	BRED parent company	
2.6	Employees' working conditions	Absenteeism rate for illness	Number of calendar days of absence (return date - stop date) on sick leave (including long-term absences), taken on a calendar basis to the nearest year. Expressed as a percentage.	BRED parent company and French subsidiaries	This ratio did not take into account the activity rate of employees (part-time, therapeutic part-time). Change in scope: exclusion of subsidiaries
2.7	Employer attractiveness	Employee turnover rate	((Number of permanent contract hires in year N + Number of permanent contract departures in year N)/2), relative to the total permanent contract workforce at 31/12 in year N-1. Expressed as a percentage.	BRED parent company and French subsidiaries	Change in scope: exclusion of international subsidiaries.
2.8	Employability management and professional conversion	Proportion of employees who have received at least one training course in the year	Number of salaried employees (permanent, fixed-term and work-study contracts) who completed at least one training course in year N, relative to the total headcount at 31/12 of year N. Expressed as a percentage.	BRED parent company and French subsidiaries	
2.9	Equality of treatment, diversity and inclusion	% of female executives	Number of female executives relative to total number of executives. Expressed as a percentage.	BRED parent company and French subsidiaries	Change in scope: exclusion of international subsidiaries.
2.10	Integration of ESG criteria into credit and / or investment decisions	Proportion of corporate loan applications including an ESG risk analysis	Number of loan applications in excess of €1 million submitted by Corporate & Investment Banking and Business Centres to the Credit Committee that were subject to an analysis of ESG risks, relative to the total number of applications eligible for the declaration of extra-financial performance in respect of legal criteria presented to the BRED Credit Committee over the course of the year.	BRED parent company	
		Total SRI funds and SRI and solidarity-based FCPEs marketed (€ m)	AuM of SRI funds held by subscribers to life insurance policies, all distribution networks combined + assets held by clients on SRI management mandates and on the BRED SRI selection fund + AuM of SRI funds held by BRED clients on ordinary share accounts and share plans + assets held by employees of BRED's client companies in SRI or solidarity-based FCPEs.	BRED parent company and French subsidiaries	
2.11	Financing the environmental transition	Amount of renewable energy project financing (€m)	Amount of project(s) (wind, solar, biomass, etc.) that BRED has arranged or financed, authorised during the year, as opposed to disbursements, which take place over several years (large companies scope).	BRED parent company	
2.12	Our environmental footprint	tonne CO2 eq / employee	Tonne CO2 equivalent calculated based on BRED BGES OF BRED GHG footprint analysis, calculated for Scopes 1 to 3, relative to the total number of employees.	BRED parent company and French subsidiaries	
2.13	Compliance with laws, business ethics and transparency	Proportion of employees trained in anti-money laundering during the past two years	Number of employees (permanent, fixed-term and work-study, excluding trainees) who completed a training module or special event on AML/CFT (training completed and passed) during years N-1 and N and still present in the company at 31/12 of year N, compared to the number of employees registered for training module or special event on AML/CFT during years N-1 or N, still present in the company at 31/12 of year N.	BRED parent company and French subsidiaries	This ratio only included "completed" trainings. The notion of "passed" was added.

2.14	Data security and confidentiality	Proportion of GDPR-trained employees (training valid for three years)	Number of employees (permanent, fixed-term and work-study, excluding trainees) who completed a training module or special event on GDPR (training completed) during years N-2, N-1 and N and still present in the company at 31/12 of year N, compared to the number of employees at BRED parent company and French subsidiaries registered for a training module or special event on GDPR during years N-2, N-1 or N, still present in the company at 31/12 of year N.	BRED parent company and French subsidiaries	

3.6 - Clarifications regarding corporate data

The workforce data concerns employees on the payroll as at 31 December 2021. This data includes people on permanent contracts, those on fixed-term contracts, professional training contracts, work experience contracts as well as people on long-term leave for any reason. Trainees, support staff, temporary staff and providers are not included.

Recruitments correspond to people joining in 2021 from the outside or from within another BPCE entity. Any move from a fixed-term contract or work experience contract to a permanent contract within BRED is subject to a new employment contract. When a person has several fixed-term contracts during the year, this will be counted under new hires with each new contract (if that person was still present at 31 December 2021). Similarly, a person employed under a fixed-term contract in a given year moving to a permanent contract during the year will be recorded as a fixed-term contract recruitment then as a permanent contract recruitment.

As BRED is part of Groupe BPCE, when the term “transfer” is used in connection with recruitments or departures it means that the employee moved to or came from a Groupe BPCE entity.
The data on training covers all training undergone by staff, including that performed within the framework of the Personnel Training Account (CPF) which replaced the DIF (right to training) as of 1 January 2015, and the time spent under professional training contracts in companies; this data does not take account of individual training leave (CIF).

Workplace accidents with time off include all kinds of accidents at work, including accidents during travel.

The rate of absenteeism reported does not take into account the absences of supplementary staff and trainees. For BRED and all its French subsidiaries, it corresponds to the number of days’ absence on sick leave, taken on a calendar basis to the nearest year.

The various limitations of scope and other specific points were highlighted in the relevant sections of the declaration of extra-financial performance.

3.7 - Clarifications regarding environmental data

The environmental data covers BRED headquarters, i.e. for 2021 the main buildings located in Paris and Joinville-le-Pont and consumption by branches in France and in French overseas territories.

In addition, the energy consumption reported is based on invoices.
The SPIDER tool developed by BPCE on behalf of Group entities, based on the ADEME methodology used to assess the GHG footprint, does not take into account emissions resulting from financing and investments by banks.

There is currently no methodology for quantifying this kind of indirect emission.

The calculation of greenhouse gas emissions was updated for the energy and purchasing items.
BPCE has carried out work to integrate into the Group GHG footprint analysis the emission factors specific to the overseas territories in terms of energy.
BRED had already incorporated this adjustment at the request of the independent third party KPMG in the previous declarations of extra-financial performance, but it was not integrated into the Group tool used to publish the GHG footprint analysis.

BPCE also included BRED’s IT costs (PC software, central site, IT services, telecommunications, etc.) in the Group tool.

The assessment of assets eligible for taxonomy is an unprecedented exercise, the results of which depend partly on the interpretation of regulations by the institutions measuring them. These texts are further developed in recent regulations, with some specifications published in February 2022. Some points about the application methodology still require clarification. Thus, BRED notes that, while efforts have been made to better meet the requirements, the methods used are likely to change.

3.8 - Clarifications regarding societal data

The weight of local suppliers among all BRED suppliers is based on an analysis by BRED's Information Systems Department, based on the geographical location of the head offices of our suppliers.
Since 2021, the indicator takes into account only active suppliers, i.e. those who received at least one payment during the year.

The indicator that measures the intensity of our customer relationships is based on an analysis of changes in the status of our individual and business customers: from "Active, insured & equipped", "Active & equipped" or "Active" to "Active & equipped", "Active" or "Inactive".

The reported SRI funds correspond to the SRI funds listed in the Novethic database, i.e. funds that have been awarded the Novethic SRI label and other funds that have not been awarded the label but are listed in the database.

The monitoring of purchases from local SMEs, annual production of micro-loans by ADIE and the amount of renewable energy project financing are communicated on a scope excluding the activity of international subsidiaries.

Two new indicators were added in 2021. They pertain to customer protection and the transparency of the offer. The indicators are the complaint rates on the grounds of "Information - advisory with a favourable response" and "unauthorised transaction with a favourable response".

3.9 - Specific information on the cooperative model

The Global Reporting Initiative (GRI) guidelines are now the accepted benchmark for implementing and monitoring CSR performance for organisations using key indicators. They are based on the standardisation work carried out in the financial sector (see UNEP FI – OECD).

However, these international guidelines fail to properly account for the specific features of "cooperative and mutual finance", and this sector is therefore disadvantaged when compared to the traditional private finance sector. Banking cooperatives are also disadvantaged when compared.

In addition, such comparative analyses are increasingly common, because of the increasing standardisation of reporting protocols and investors' growing reliance on such analyses when making investment decisions.

As a result, the lack of indicators highlighting the cooperative difference in CSR protocols downplays the CSR performance of cooperative banks in favour of merchant banks.

Accordingly, there is a genuine argument to be made for the creation of specific guidelines for the cooperative and mutual finance sector, to be used in conjunction with the GRI, in order to better reflect its values, specific corporate governance methods and management mechanisms, and acknowledge its high level of corporate responsibility and commitment to serving the enterprise economy and the local economy.

4 - REPORT BY THE INDEPENDENT THIRD-PARTY

BRED Banque Populaire
Registered office: 18, Quai de la Rapée, 75012 Paris

Report by the statutory auditor, designated as an independent third party,, on the consolidated statement of non-financial performance

Financial year ended 31 December 2021

To the General Meeting,

In our capacity as statutory auditor of your company (hereinafter referred to as "entity") designated as an independent third party or OTI ("third party"), accredited by COFRAC under number 3-1049[1], we have carried out work in order to provide a reasoned opinion expressing a moderate level of assurance on the historical information (observed or extrapolated) of the consolidated statement of non-financial performance, prepared in accordance with the entity's procedures (hereinafter the "Reporting Criteria"), for the financial year ended 31 December 2021 (hereinafter the "Information" and the "Statement", respectively), presented in the Group's management report, in accordance with the provisions of Articles L. 225-102-1 and R. 225-105-1 of the French Commercial Code.

Conclusion

Based on the procedures we carried out, as described in the section "Nature and scope of the work", and on the information we obtained, nothing has come to our attention that causes us to believe that the consolidated statement of non-financial performance is not in compliance with the applicable regulations and that the information, taken as a whole, is presented fairly in accordance with the Reporting Criteria.

Comment

Without calling into question the conclusion expressed above and in accordance with the provisions of Article A. 225-3 of the French Commercial Code, we make the following comment:

- As mentioned in the methodology document, the reporting scope covers 75% of consolidated headcount and does not include foreign geographical areas.

[1] COFRAC Accreditation Inspection, no. 3-1049, available at www.cofrac.fr

- Financial year ended 31 December 2021

Preparation of the statement of non-financial performance

The absence of a generally accepted and commonly used framework or established practice on which to base the assessment and measurement of the Information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.

Consequently, the Information must be read and understood by referring to the Reporting Criteria, the material elements of which are presented in the Statement and available upon request at the entity's head office.

Limitations inherent in the preparation of the Information

The Information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of the external data used. Some information is sensitive to the methodological choices, assumptions and/or estimates made in its preparation and presented in the Statement.

Responsibilities of the entity

It is the responsibility of the Board of Directors:

- to select or establish appropriate criteria for the preparation of the Information;
- to draw up a Statement in compliance with the legal and regulatory provisions, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies applied with regard to those risks along with the outcomes of those policies, including key performance indicators and the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- and to implement such internal control as it determines is necessary to enable the preparation of information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared by applying the entity's Reporting Criteria as mentioned above.

Responsibility of the statutory auditor designated as an independent third party

It is our responsibility, on the basis of our work, to formulate a reasoned opinion expressing a conclusion of moderate assurance on:

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the accuracy of the historical information provided (observed or extrapolated) pursuant to paragraph 3 of I and II of Article R. 225-105 of the French Commercial Code, namely the outcomes of the policies, including key performance indicators, and the actions relating to the principal risks, hereinafter the “Information”.

As it is our responsibility to formulate an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of such Information, as this could compromise our independence.

It is not our responsibility to comment on:

- the entity’s compliance with other applicable legal and regulatory requirements (in particular with regard to the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy) and the fight against corruption and tax evasion);
- the truthfulness of the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with applicable regulations.

Applicable regulatory provisions and professional doctrine

Our work described below was carried out in accordance with the provisions of Articles A. 225 1 *et seq*. of the French Commercial Code, the professional standards of the Compagnie Nationale des Commissaires aux Comptes (CNCC) relating to this assignment in lieu of an audit programme, and the international standard ISAE 3000 (revised)[2]:

[2] ISAE 3000 (revised) – *Assurance engagements other than audits or reviews of historical financial information*

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the profession's code of ethics. Furthermore, we have set up a quality control system that includes documented policies and procedures designed to ensure compliance with the applicable laws and regulations, rules of ethics and the professional standards of the Compagnie Nationale des Commissaires aux Comptes (CNCC) relating to this assignment.

Means and resources

Our work involved the skills of six people and took place between September 2021 and April 2022 over a total period of approximately five weeks.

We called on our specialists in sustainable development and social responsibility to assist us in carrying out our work. We conducted about ten interviews with the people responsible for preparing the Statement, representing in particular the CSR, risk management, compliance, human resources, environment and purchasing departments.

Nature and scope of the work

We planned and carried out our work taking into account the risk of material misstatement of the Information.

In our opinion, the procedures we have carried out in the exercise of our professional judgement enable us to provide a moderate level of assurance:

- We have reviewed the business activity of all the entities included in the scope of consolidation and the description of the principal risks;
- We have assessed the appropriateness of the Reporting Criteria in terms of their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices in the industry;
- We have verified that the Statement covers each category of information provided for in III of Article L. 225-102-1 with regard to social and environmental issues, respect for human rights and the fight against corruption and tax evasion;
- We have verified that the Statement presents the information required by II of Article R. 225-105 when it is relevant to the principal risks and includes, where applicable, an explanation of the reasons justifying the absence of the information required by the second paragraph of III of Article L. 225-102-1;

- We have verified that the Statement presents the business model and a description of the principal risks associated with the business of all the entities included in the scope of consolidation, including, where relevant and proportionate, the risks created by its business relationships, products or services, as well as policies, actions and outcomes, including key performance indicators relating to the principal risks;
- We have consulted the documentary sources and conducted interviews to:
  - assess the process for selecting and validating the principal risks as well as the consistency of the outcomes, including the key performance indicators chosen, with regard to the principal risks and policies presented; and
  - corroborate the qualitative information (actions and outcomes) that we considered to be the most important, which are presented in the Annex. Our work was carried out at the head office of the consolidating entity.
- We have verified that the statement covers the consolidated scope, namely all the entities included in the scope of consolidation in accordance with Article L. 233-16, with the limits specified in the statement;
- We have taken note of the internal control and risk management procedures put in place by the entity and have assessed the collection process ensuring the completeness and accuracy of the Information;
- For the key performance indicators and other quantitative outcomes that we considered the most important, which are presented in the Annex, we have implemented:
  - analytical procedures involving the verification of the correct consolidation of the data collected and the consistency of their movements;
  - detailed tests, based on sampling or other means of selection, consisting of checking the correct application of definitions and procedures and reconciling the data with supporting documents. This work was carried out at the entity's head office and covers 100% of the consolidated data selected for these tests;
- We have assessed the overall consistency of the statement in relation to our knowledge of all the entities included in the consolidation scope.

The procedures carried out as part of a moderate assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with the professional standards of the Compagnie Nationale des Commissaires aux Comptes; a higher level of assurance would have required more extensive audit work.

Paris-La Défense, 22 April 2022

KPMG S.A.

Anne Garans *Associate* *Sustainability Services*	Ulrich Sarfati *Associate*

Appendix

Qualitative information (actions and outcomes) considered to be the most important
Employee skills development policies
Employee health and well-being policies
Measures taken to promote gender equality and associated outcomes
Actions to promote the integration of disabled people
Financing mechanisms for green growth and the energy transition
Policies and actions to reduce the direct carbon footprint
Procedures in place relating to good business conduct and anti-corruption
Measures taken to ensure compliance with labour law requirements
Mechanisms implemented in the area of responsible purchasing
Assets under management for clients with a "Socially Responsible Investment" or "solidarity" approach
Measures taken in terms of accessibility for persons with reduced mobility
Measuring client satisfaction
Partnership and sponsorship initiatives
Measures in place relating to Personal Data Protection

BRED Banque Populaire
Report by the statutory auditor, designated as an independent third party,
on the consolidated statement of non-financial performance
22 April 2022

Key performance indicators and other quantitative outcomes considered most important
Percentage of employees trained in anti-money laundering
Percentage of employees trained in the GDPR
Percentage of women in executive staff
Staff turnover rate
Absenteeism rate for illness
Proportion of employees who have received at least one training course over the year
Amount of financing for renewable energy production projects of large companies
Share of suppliers who are local
Proportion of clients whose relationship with BRED is decreasing in intensity
Share of client complaints about “information-advisory” with favourable response
Share of client complaints about “unauthorised transaction” with favourable response
Proportion of corporate loan applications including an ESG risk analysis
Increase in outstanding loans
Amount of Adie micro-loans

- Financial year ended 31 December 2021

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General meetings

ORDINARY GENERAL MEETING OF 31 May 2022

AGENDA

1. Management report by the Board of Directors on the 2021 financial year and reports by the Statutory Auditors on the annual company and consolidated financial statements.

2. Approval of the company financial statements for FY 2021. Discharge to the Board of Directors.

3. Approval of the consolidated financial statements for FY 2021. Discharge to the Board of Directors.

4. Appropriation of FY 2021 income and determination of interest to be paid on the cooperative shares.

5. Statutory Auditors' special report and approval of the agreements and undertakings referred to in Articles L.225-38 et seq. of the French Commercial Code.

6. Consultation on the aggregate amount of compensation of any kind paid in the 2021 financial year to the directors and categories of persons listed in Article L.511-71 of the French Monetary and Financial Code.

7. Determination of the cap on amounts paid to members of the Board.

8. Ratification of the appointment of a director.

9. Renewal of the term of office of three directors.

10. Delegation of authority to the Board of Directors to allow the Company to buy back its cooperative shares.

11. Powers to carry out all filings, publications and other formalities laid down by law.

REPORT BY THE BOARD OF DIRECTORS ON THE RESOLUTIONS PUT TO THE ORDINARY GENERAL MEETING

Approval of the FY 2021 financial statements (1st and 2nd resolutions)

Your Board asks you to approve its management report as well as the annual individual company and consolidated for the 2021 financial period.

The parent company financial statements reflect a change in the accounting method for end-of-career awards, in accordance with the recommendation of the French accounting standards authority 2013-02. The effect of this change was to increase the amount of retained earnings from €110,000,000 at 31 December 2020 after appropriation of profit to €114,216,057,25 at 31 December 2021.

Appropriation of income and determination of interest to be paid on the cooperative shares (3rd resolution)

Concerning the assignment of the company results for the financial period, which come out at €223,903,955.01, you are firstly asked, taking account of the capital increases made in 2021, to assign the legal reserve up to 5% of the profit for the year, i.e. €11,195,197.75.

Given that the retained earnings account shows a positive balance of € 114,216,057.25, the distributable profit stands at € 326,924,814.51. We propose that you proceed as follows:
- pay interest on cooperative shares at a rate of 1.50% of the average par value of cooperative shares in 2021, i.e. €0.157 on each of the shares with rights accruing from 1st January 2021, i.e. a total amount of €20,494,050.01;
- allocate € 196,430,764.50 to the other reserves;
- and carry forward the balance, i.e. €110,000,000.

In accordance with the provisions of Article 200A of the French General Tax Code, the interest received by natural persons residing in France for tax purposes is automatically subject to a single flat-rate levy of 12.8% plus social security contributions of 17.2%, representing an overall tax rate of 30%.

By way of exception and subject to an explicit and comprehensive option, this interest is subject to income tax at the progressive rate after a reduction of 40% under the conditions provided for in Article 158-3. 2 of the French General Tax Code. The interest paid on the shares is also subject to social security contributions at a rate of 17.2%.

A waiver of the flat-rate non-discharging levy of 12.8% (Article 117 *quater*, I.-1 of the French General Tax Code) is provided for taxpayers whose “reference tax income” does not exceed a certain threshold, provided that they have made the explicit request when filing the relevant income declaration.

The payment of interest on cooperative shares will be made as from 1 June 2022. All interest on cooperative shares is payable in cash.

It is recalled that the amount of distributions made for the previous three years is as follows:

Financial year	Number of members' cooperative shares	Total interest paid out on shares	Amounts eligible for rebate of 40% (1)
2018	113,301,560	€ 15,770,034.29	€ 15,770,034.29
2019(2)	130,674 465	€ 17,378,599.30	€ 17,378,599.30
2020	132,026 661	€ 17,568,680.23	€ 17,568,680.23

(1) For natural persons

(2) In accordance with the recommendation issued on 27 March 2020 by the European Central Bank (ECB) in the context of the global health crisis not to pay dividends in cash on shares or interest on shares, the Board of Directors decided, on an exceptional basis, to compensate cooperative shareholders with new shares instead of a full payment in cash.

Regulated agreements and commitments (4th resolution)

We ask you to acknowledge that no agreement under Article L.225-38 of the French Commercial Code was entered into during the financial year and that the agreements entered into and authorised prior to financial year 2021 continued to produce their effects.

These agreements are presented in the special Statutory Auditors’ report.

Consultation on the aggregate amount of compensation of any kind paid to the categories of persons listed in Article L.511-71 of the French Monetary and Financial Code (fifth resolution)

Pursuant to Article L. 511-73 of the French Monetary and Financial Code, you are asked to provide an advisory opinion on the overall budget for compensation of any kind paid during the past financial year:

- To members of the Board of Directors,
- The accountable managers, i.e. the Chief Executive Officer and Deputy Chief Executive Officer in charge of Sales,
- Certain categories of employees including risk-takers, staff members with a control function, and any other employee in the same compensation bracket given his or her aggregate income, whose professional activities may have a significant impact on the company’s risk profile.

The staff regulated by BRED Group consisted of 160 persons for the 2021 financial period.

Given the deferred payment of the variable component of these staff members’ compensation, as required by European Directive CRD III, the aggregate amount of compensation actually paid in 2021 includes a substantial portion corresponding to payments made for previous financial years.

After review by the Compensation Committee, the aggregate amount of the compensation actually paid during the financial year ended 31 December 2021 amounted to €25,779,551. This amount includes the remunerations established for 2021, the non-deferred variable remunerations paid in 2021 for the 2020 financial period and the deferred variable remunerations paid in 2021 for previous financial periods.

Determination of amounts paid to members of the Board of Directors (6th resolution)

You are also asked to establish the annual overall amount of compensatory payments for time spent for the 2022 financial year at €950,000.

Composition of the Board of Directors (7th to 10th resolutions)

We propose that you ratify the appointment decided by the Board of Directors of Mr Cyril Barth as director on a provisional basis. This mandate ends at the end of the General Meeting called to approve the financial statements for the 2022 financial year.

Furthermore, the mandates of three members of your Board of Directors expire on conclusion of this meeting. We ask you to approve the renewal, for a term of six years to expire on conclusion of the General Meeting convened to approve the financial statements for the 2027 financial year, the mandates of Ms Anne Bay, Ms Isabelle Gratiant and Mr Gérard Kuster.

Information about these directors is provided below (Article R.225-83-5 of the French Commercial Code).

Furthermore, the functions and mandates of all corporate officers are set out in the “Corporate Governance” section of the annual report.

Delegation of authority to the Board of Directors to allow the Company to buy back its cooperative shares (11th resolution)

The purpose of the eleventh resolution is to authorise your Board to arrange for BRED to buy back, in compliance with the provisions of article L. 225-209-2 of the French Commercial Code, a number of cooperative shares that may not exceed 10% of the Company’s capital, i.e. a maximum of 14,287,171 cooperative shares.

The shares thus bought by BRED should, within five years of their acquisition, be offered to cooperative members who express their intention to buy them on the occasion of a sale organised by the bank, within the three months following every annual General Meeting.

Powers for formalities (12th resolution)

Lastly, the twelfth resolution concerns the granting of powers to carry out all publications and legal formalities laid down by law in relation to the General Meeting.

RESOLUTIONS

First resolution: approval of the company financial statements

After reviewing the management report by the Board of Directors, the general report by the Statutory Auditors and the company financial statements for the 2021 financial year, the members approve the said annual financial statements as presented to them, as well as the transactions shown in these statements or summarised in these reports.

In particular, it approved the adjustment to retained earnings in place since 31 December 2020, related to the change in the recognition of end-of-career awards in application of the recommendation of the French accounting standards authority 2013-02, namely:

(In euros)

• Balance of retained earnings at 31 December 2020 after appropriation of 2020 earnings	110,000,000.00
- Recognition made in accordance with ANC Recommendation 2013-02	+ 4,216,057.25
• Balance of retained earnings at 31 December 2021	114,216,057.25

They give full discharge to the Board of Directors for its management until 31 December 2021.

Second resolution: approval of the consolidated financial statements

After reviewing the management report by the Board of Directors and the Statutory Auditors' report on the consolidated financial statements for the 2021 financial year, the members approve the said consolidated financial statements as presented to them, as well as the transactions shown in these statements or summarised in these reports.

They give full discharge to the Board of Directors for its management until 31 December 2021.

Third resolution: allocation of income and determination of interest to be paid on the cooperative shares

The members note that a profit of €223,903,955.01 was recorded in 2021 and resolve to allocate it as follows, in accordance with the proposals of the Board of Directors:

(In euros)

Profit for the financial year	223,903,955.01
Allocation to the legal reserve	- 11,195,197.75
Retained earnings	114,216,057.25
Distributable profit	326,924,814.51
Interest on cooperative shares	- 20,494,050.01
Allocation to other reserves	196,430,764.50
The balance, or to be carried forward.	110,000,000.00

On a proposal from the Board of Directors, the General Meeting decided to provide, for the 2021 financial year, an interest payment of €0.157 for each dividend-bearing cooperative share from 1 January 2021.

Pursuant to Articles 117 *quater* and 200A of the French General Tax Code, the interest paid on the cooperative shares is subject to a definitive withholding tax (for its gross amount and subject to an income-dependent exemption) except where the progressive income tax rate has been selected. In this second case, the interest paid on the cooperative shares is eligible for the reduction provided for in Article 158-3.2 of the French General Tax Code and the withholding tax is deductible on the tax due.

The payment of interest on cooperative shares will be made as from 1 June 2022. All interest on cooperative shares is payable in cash.
It is recalled that the amount of distributions made for the previous three years is as follows:

Financial year	Number of members' cooperative shares	Total interest paid out on shares	Amounts eligible for rebate of 40% (1)
2018	113,301,560	€ 15,770,034.29	€ 15,770,034.29
2019(2)	130,674 465	€ 17,378,599.30	€ 17,378,599.30
2020	132,026 661	€ 17,568,680.23	€ 17,568,680.23

(1) For natural persons
(2) In accordance with the recommendation issued on 27 March 2020 by the European Central Bank (ECB) in the context of the global health crisis not to pay dividends in cash on shares or interest on shares, the Board of Directors decided, on an exceptional basis, to compensate cooperative shareholders with new shares instead of a full payment in cash.

Fourth resolution: approval of the agreements and undertakings referred to in Articles L.225-38 *et seq.* of the French Commercial Code

Having reviewed the special report by the Statutory Auditors on the agreements and commitments covered by Articles L.225-38 et seq. of the Commercial Code and having voted on the report, the General Meeting notes that previously concluded and authorised agreements continue to be in force.

Fifth resolution: consultation on the aggregate amount of compensation of any kind paid to the categories of persons listed in Article L.511-71 of the French Monetary and Financial Code

After reviewing the report by the Board of Directors, the members, who are consulted pursuant to article L. 511-73 of the French Monetary and Financial Code, indicate that they are in favour of the aggregate amount of compensation of any kind paid during the 2021 financial year to the accountable managers and categories of staff members referred to in article L. 511-71 of the French Monetary and Financial Code, totalling €25,779,551.

Sixth resolution: determination of the cap on amounts paid to members of the Board of Directors

After reviewing the report by the Board of Directors, the General Meeting:

- resolved to set the aggregate amount paid as compensation for time spent on governance of the cooperative bank at €950,000 for 2022;
- noted that this amount covers compensation for the directors and Chair of the Board of Directors.

Seventh resolution: ratification of the appointment of a director

The General Meeting approved the provisional appointment of Mr Cyril Barth as director by the Board of Directors on 6 December 2021 to replace Mr Jean-Pierre Fourès.

Mr Cyril Barth will hold office for the remainder of her predecessor's term of office, or until the end of the General Meeting called to approve the financial statements for the 2022 financial year.

Eighth resolution: renewal of the term of office of a director

The General Meeting renews, for a period of six years, the mandate of Ms Anne Bay as director.

This mandate ends at the end of the General Meeting called to approve the financial statements for the 2027 financial period.

Ninth resolution: renewal of the term of office of a director

The General Meeting renews, for a period of six years, the mandate of Ms Isabelle Gratiant as director.

This mandate ends at the end of the General Meeting called to approve the financial statements for the 2027 financial period.

Tenth resolution: renewal of the term of office of a director

The General Meeting renews, for a period of six years, the mandate of Mr Gérard Kuster as director.

This mandate ends at the end of the General Meeting called to approve the financial statements for the 2027 financial period.

Eleventh resolution: authorisation granted to the Board of Directors to allow the Company to buy back its cooperative shares

The General Meeting, after reviewing:

- the report by the Board of Directors,
- the report prepared by an independent expert appointed by the Presiding Judge of the Paris Commercial Court,
- the special Statutory Auditors' report on their assessment on the conditions for establishment of the purchase price and ruling in accordance with the provisions of Article L.225-209-2 of the French Commercial Code:

1. authorises the Board of Directors to arrange for the Company to buy back, in accordance with the terms and conditions set out below, a number of cooperative shares that may not exceed 10% of the Company's capital, i.e. a maximum of 14,287,171 cooperative shares;
2. resolves that this authorisation may be used to offer the said shares, within five years of their purchase, to cooperative members who inform the Company of their wish to purchase them in the course of a sale organised by the company itself within three months of each annual Ordinary General Meeting;
3. resolves that the purchase price will correspond to the par value of the cooperative shares as set out in the company's articles of association on the day this delegation of authority is used;
4. establishes that this delegation of authority will remain valid for 12 months from the date of this General Meeting;
5. takes note that in the event that the cooperative shares purchased by the Company are not used for the purpose described in point 2 within five years of their purchase, they will be cancelled automatically;
6. grants full powers to the Board of Directors, with the right to sub-delegate as allowed by law, to implement this authorisation, place all buy and sell orders, enter into any agreement, including for the administration of registers recording cooperative shares bought and sold, allocate the purchased shares in accordance with the applicable laws and regulations, carry out all procedures, filings and formalities; and, more generally, do everything necessary to implement the decisions taken pursuant to this delegation of authority;
7. takes note that the Statutory Auditors will present a special report on the conditions under which the cooperative shares were purchased and used during the financial year at the next annual Ordinary General Meeting.

Twelfth resolution: powers

The General Meeting gives full powers to the bearer of an original, copy or excerpt of the minutes of this General Meeting to carry out all legal or administrative formalities and to carry out all filings and publications required by the applicable laws in connection with all of the above resolutions.

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

KPMG SA

Statutory Auditors' special report on regulated agreements

(General meeting called to approve the financial statements for the period ending 31 December 2021)

To the Cooperative Members
BRED BANQUE POPULAIRE
18, quai de la Rapée
75012 PARIS

In our capacity as Statutory Auditors of your company, we hereby present our report on regulated agreements.

We are required to report, based on the information provided, on the principal terms and conditions of, as well as on the reasons justifying the company's interest in, agreements that have been disclosed to us and that we have discovered in the course of our assignment, without commenting on their relevance or substance. We do not have an obligation to establish whether any other agreements exist. Under the terms of Article «ARTICLE_A» of the French Commercial Code, it is your responsibility to determine whether the agreements are appropriate and should be approved.

When applicable, we are also required to provide you with the information stipulated in Article «ARTICLE_A» of the French Commercial Code on the performance during the period under review of any agreements that were previously approved by the General Meeting.

We carried out the work we considered necessary related to this assignment in view of the professional policies of the French Statutory Auditors' Association (*Compagnie Nationale des Commissaires aux Comptes*). This included verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS SUBJECT TO THE APPROVAL OF THE GENERAL MEETING

Agreements authorised and concluded during the past financial year

We hereby inform you that we have not been advised of any agreement or commitment authorised and concluded during the period under review to be submitted to the General Meeting for approval in accordance with the provisions of Article L. 226-10 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements approved during previous financial years which remained in force during the period under review

Pursuant to Article R. 225-57 of the French Commercial Code, we have been informed that the execution of the following agreements and commitments, already approved by the General Meeting in previous years, continued during the period under review.

1. Memorandum of Understanding with BPCE and BPCE International et Outre-Mer

- *Person concerned*

Isabelle Gratiant, Chair of the Board of Directors of BRED Banque Populaire.

- *Type and purpose*

The purpose of the Memorandum of Understanding is the creation by BRED Banque Populaire of a new banking subsidiary holding an Institutional Licence and a Certificate of Registration, BBV, to which would be transferred, as soon as possible after its creation, and in accordance with the deadlines for obtaining the required authorisations, all the Assets and Liabilities of BPCE Vietnam held by BPCE International et Outre-mer.

On 6 July 2020, the Board of Directors authorised the signing of this Memorandum of Understanding, which was signed on 25 January 2021.

- Conditions

This Memorandum of Understanding did not have any impact on the 2021 financial statements of BRED Banque Populaire.

2. Memorandum of Understanding on the mechanism for contributing to Groupe BPCE's capital adequacy

- *Persons concerned*

Isabelle Gratiant, Chair of the Board of Directors of BRED Banque Populaire.

- *Type and purpose*

On 3 December 2012 your Board of Directors authorised the signing of a memorandum of understanding on the mechanism for contributing to Groupe BPCE's capital adequacy. This document provides, inter alia, for the introduction of a system to contribute to the Group's prudential capital based on an aggregation / offsetting system. It was approved by the Ordinary General Meeting of 23 May 2013.

- *Conditions*

This agreement did not have any impact on the 2021 financial statements of BRED Banque Populaire.

3. <u>Renewal of the lease concluded with S.C.I. CBP</u>

- *Person concerned*

Mr Bruno Blandin, Director of BRED Banque Populaire and Manager of S.C.I. CBP

- *Type and purpose*

A lease was granted by S.C.I. CBP to your company for a term of nine consecutive years as from 1 October 2007. This "type 3-6-9" contract, renewed in 2016, relates to the lease of various commercial premises situated at ZI Les Mangles – Acajou, 97232 Le Lamentin (Martinique) at the Le Lamentin branch. The initial annual rent excluding taxes was set at €86,558.76. That rent is automatically reviewed every year depending on the change in the construction index published by the INSEE and is liable to be reviewed at the expiry of each three-year period.

We inform you that the lease was authorised by the Board of Directors on 29 March 2016.

- Conditions

This agreement gave rise to payment of €111,884.90 in 2021.

4. <u>Agreement related to social protection of the Chair of the Board of Directors</u>

- *Person concerned*

Isabelle Gratiant, Chair of the Board of Directors of BRED Banque Populaire.

- *Type and purpose*

Chairs may also benefit, on a decision by the Board of Directors, from the specific additional and supplementary social protection plan applicable to employees of the company. This plan is made up of additional healthcare, additional life insurance and a pension.

The Board of Directors meeting of 28 May 2020 authorised the extension to the new Chair of the Board of Directors of this additional specific social protection plan.

- Conditions

This agreement gave rise to payment of €9,167 in 2021.

Signed in Neuilly-sur-Seine and Paris La Défense, 22 April 2022

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG SA
Emmanuel BENOIST	Ulrich SARFATI

EXTRAORDINARY GENERAL MEETING OF 31 May 2022

AGENDA

1. Delegation of authority to the Board of Directors to increase the share capital by a maximum amount of €500,000,000 through issue of cooperative shares in cash or through capitalisation of reserves and to modify article 7 of the articles of association.

2. Delegation of authority to the Board of Directors in order to carry out a share capital increase reserved to employees in accordance with the provisions of Article L.225-129-6 of the French Commercial Code. Special Statutory Auditors' report on the cancellation of the preferential subscription right.

3. Powers to carry out all filings, publications and other formalities laid down by law.

REPORT BY THE BOARD OF DIRECTORS ON THE RESOLUTIONS PUT TO THE EXTRAORDINARY GENERAL MEETING

The purpose of this General Meeting is to submit for your approval a new delegation of authority to your Board of Directors to increase the share capital by a maximum amount of €500,000,000.

Renewal of the delegation of authority regarding capital increase (1at resolution)

In order to allow your company to maintain its activity and stability as well as its financial autonomy, we ask you to grant the Board of Directors the necessary authority for a period of 26 months to approve one or more capital increases with BPCE's authorisation for a maximum amount of €500,000,000 by issue of cooperative shares at nominal value to be subscribed in cash as well as by capitalisation of reserves under the conditions and within the limits established by the Banques Populaires specific regulations.

The capitalisation of reserves may take place by increasing the nominal value of cooperative shares or creating and distributing new cooperative shares for free or by any simultaneous combination of these various processes.

With regard to capital increases by cash subscription, the cooperative members will have an preferential right in proportion to their cooperative shares as of right for new shares or may apply for excess shares if the Board so authorises for the subscription of issued cooperative shares.

Cooperative shares that have not been subscribed through this preferential right may be subscribed by persons who are not yet cooperative members but who meet the requirements to become members.

In case of excess applications, the Board may increase the number of shares by up to 15% of the initial issue.

In case of insufficient subscriptions, the Board may also use the option provided for by Article L.225-134 of the French Commercial Code, which allows it to limit the amount of the capital increase to the amount of the subscriptions provided that they have reached at least three-quarters of the planned increase.

With regard to potential free allocations of shares by capitalisation of reserves, we ask you to authorise your Board to decide, at its discretion, that fractional rights will not be negotiable and that the corresponding cooperative shares will be sold, with the proceeds from the sale being allocated to the right-holders.

We also ask you to delegate to your Board the authority necessary to establish the terms and conditions of issue, take note of the completion of the resulting capital increases and proceed with the associated modification to the articles of association.

This delegation supersedes any delegations that may have been previously granted for the same purpose, as applicable, with respect to any unused portion.

Principle of a capital increase reserved for employees (2nd resolution)

In accordance with the provisions of Article L.225-129-6 of the French Commercial Code, for all decisions to proceed with a capital increase by cash contribution, the Extraordinary General Meeting must resolve on a draft resolution to carry out a capital increase under the conditions provided for in Articles L.3332-18 to L.3332-24 of the French Labour Code, i.e. in favour of the company's employees.

It is in order to meet this legal obligation that we propose a resolution to authorise your Board to proceed with a capital increase of a maximum amount of 0.5% of the capital existing at the time of the issue reserved to the employees within a maximum of 26 months from the date of the General Meeting.

However, it should be noted that in the case of cooperative companies and, consequently, Banques Populaires, employee share ownership does not achieve its primary goal, which is to associate employees with the stock market valuation of their company, in other words, create shareholder value.

Cooperative companies are not listed, and their securities are not based on the search for as much profit as possible for the shareholder but rather on the stability, responsibility, solidarity and proximity of the company: in other words, in terms of corporate values, the primacy of the customer/member's satisfaction, development over time and competitiveness. Furthermore, we remind you that any employee of the bank may become a member on an individual basis under the same condition as our customers.

This is why, as has always been the case since the aforesaid text took effect, your Board does not intend to approve this draft resolution, and it invites the members to vote against it. The Board's decision not to approve the draft resolution means that proxies without a pre-indicated proxy-vote (so called "en blanc" proxies) are automatically counted as unfavourable votes to the draft resolution pursuant to Article L. 225-106 III, paragraph 5, of the French Commercial Code.

Powers for formalities (3th resolution)

The purpose of the third resolution is to grant all necessary powers for completing administrative formalities.

RESOLUTIONS

First resolution: delegation of authority to the Board of Directors to increase the share capital by issue of cooperative shares in cash or capitalisation of reserves

After hearing the Board of Directors' report, the General Meeting delegates to the Board of Directors in accordance with Article L.225-129-2 of the French Commercial Code the necessary authority for a period of 26 months from today's date to approve one or more capital increases with BPCE's authorisation up to an overall ceiling of €500,000,000 by creation and issue of cooperative shares in cash as well as by capitalisation of reserves under the conditions and within the limits established by the Banques Populaires specific regulations.

The capitalisation of reserves may take place by increasing the nominal value of cooperative shares or creating and distributing new cooperative shares for free or by any simultaneous combination of these processes.

With regard to capital increases by cash subscription, the cooperative members will have an preferential right for the subscription of issued cooperative shares in proportion to the amount of their shares.

In the event that the subscriptions for new shares as of right and, if the Board of Directors so authorises, applications for excess new shares, have not absorbed all of the cooperative shares issued, the Board of Directors may open the subscription of unsubscribed shares to persons who are not yet cooperative members but who meet the requirements to become members.

In case of excess subscriptions, the Board may increase the number of shares by up to 15% of the initial issue.

In case of insufficient subscriptions, the Board of Directors will have the option in accordance with Article L.225-134 of the French Commercial Code limit the amount of the capital increase to the amount of the subscriptions provided that they have reached at least three-quarters of the planned increase.

In case of capitalisation of reserves by free allocations of shares, the Board of Directors is expressly authorised by the General Meeting to decide, at its discretion, that fractional rights will not be negotiable and that the corresponding cooperative shares will be sold, with the proceeds from the sale being allocated to the right-holders.

In this context and under these limitations, the Board of Directors shall have all powers to decide and carry out the capital increase(s) that it deems appropriate and in particular to establish all of the terms and conditions for issue of the new cooperative shares to be issued, acknowledge the completion of these capital increases and proceed with the associated modifications to the articles of association.

This delegation of authority shall supersede any prior delegation with the same purpose.

Second resolution: delegation of authority to the Board of Directors in order to carry out a share capital increase reserved to employees in accordance with Article L. 225-129-6 of the French Commercial Code. Special Statutory Auditors' report on the cancellation of the preferential subscription right.

Note: This draft resolution proposed in accordance with the law has not been approved by the Board of Directors, which invites the cooperative members to demonstrate their opposition.

After reviewing the report by the Board of Directors and the special Statutory Auditors' report on the cancellation of the preferential subscription right, the General Meeting decides, pursuant to the provisions of Article L.225-129-6 of the French Commercial Code, to reserve a capital increase in cash to the company's employees under the conditions provided for in Articles L.3332-18 to L.3332-24 of the French Labour Code.

If this resolution is adopted, the General Meeting decides to authorise the Board of Directors to proceed with a capital increase within no more than 26 months from today's date for a maximum amount of 0.5% of the amount of the share capital at the time of issue, which will be reserved to the company's employees as part of a company savings plan and carried out in accordance with the provisions of Articles L. 3332-18 to L. 3332-24 of the French Labour Code, and to establish the other procedures for the increase.

Third resolution: powers

The General Meeting gives full powers to the bearer of an original, copy or excerpt of the minutes of this General Meeting to carry out all legal or administrative formalities and to carry out all filings and publications required by the applicable laws in connection with all of the above resolutions.

STATUTORY AUDITORS' REPORT ON THE CAPITAL INCREASE RESERVED FOR MEMBERS OF A COMPANY SAVINGS PLAN

BRED Banque Populaire

Registered office: 18, quai de la Rapée - 75012 Paris
Share capital €1 495 866 722,29

Rapport des commissaires aux comptes sur l'augmentation du capital réservée aux adhérents d'un plan d'épargne d'entreprise

Assemblée Générale Extraordinaire du 31 mai 2022 - 2ème résolution

Dear Sir, Madam, Mesdames, Messieurs,

In our capacity as statutory auditors of your company and in performance of the assignment provided for by Articles L. 225-135 *et seq*. of the French Commercial Code, we hereby present our report on the proposed delegation to the Board of Directors of the power to decide an increase in the capital by issuing shares with the removal of the preferential subscription right, reserved for employees of your company, for a maximum of 0.5% of the capital existing at the time of the issue on which you are called to decide.

This capital increase is subject to your approval pursuant to the provisions of Articles L. 225-129-6 of the French Commercial Code and L. 3332-18 *et seq*. of the French Labour Code.

Your Board of Directors proposes that, on the basis of its report, you delegate to it (for a period of 26 months) the competence to decide a capital increase and to remove your preferential subscription right to the shares to be issued. The Board of Directors shall be responsible, if applicable, for defining the final terms and conditions for issuing this transaction.

The Board of Directors shall be responsible for preparing a report in accordance with Articles R. 225-113 and R. 225-114 of the French Commercial Code. It is our responsibility to give an opinion on the accuracy of the figures contained in the accounts, on the proposal to remove the preferential subscription right and on certain other information concerning the issue provided in this report.

We carried out the work we considered necessary related to this assignment in view of the professional policies of the French Statutory Auditors' Association (*Compagnie Nationale des Commissaires aux Comptes*). This included verifying the contents of the report of the Board of Directors relating to this transaction and the methods for determining the issue price of the shares.

Subject to subsequent examination of the terms and conditions of the capital increase decided upon, we do not have any comments on the methods for determining the issue price of the shares to be issued provided in the report of the Board of Directors.

Since the final terms and conditions for the capital increase have not been defined, we have not expressed an opinion on them nor, as a result, on the proposal made to you to remove the preferential subscription right.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare an additional report, if applicable, when this delegation is used by your Board of Directors.

Paris La Défense, 22 April 2022

KPMG S.A.

Ulrich Sarfati
Associate

Neuilly-sur-Seine, 22 April 2022

PricewaterhouseCoopers Audit

Emmanuel Benoist
Associate

RATIFICATION OF THE APPOINTMENT OF A DIRECTOR

(Article L.225-115, paragraph 3, of the French Commercial Code)

Cyril BARTH

Main role: Chairman of SCYFCO, vocational training centre

End date of mandate: General Meeting 2023 ***Number of cooperative shares held:*** 245 ***Date of birth:*** 11 March 1971	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire (appointed on 6 December 2021). ***Mandates or functions outside BRED Banque Populaire Group*** • Chairman of SCYFCO SAS, vocational training centre • Chairman of SAS CYRALAB, since 2019 • Chairman of SAS France Défense Développement, since 2019 • Chairman of COHERENCE SAS, since 2019 ***Other functions or mandates held over the past five years*** • Associate Director at CYRALE Management • Commander in Operations, Ministry of Defence

RENEWAL OF THE TERM OF OFFICE OF THREE DIRECTORS

(Article L.225-115, paragraph 3, of the French Commercial Code)

Anne Bay

Main role: Co-manager – Chief Financial Officer – Nostromo communications agency

End date of mandate: General Meeting 2022 ***Number of cooperative shares held:*** 101 ***Date of birth:*** 25 January 1962	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire. ***Mandates or functions outside BRED Banque Populaire Group*** • Co-manager – Chief Financial Officer – Nostromo Communications Agency.

Isabelle Gratiant

Main role: Chairman of the Board of Directors of BRED

End date of mandate: General Meeting 2022 ***Number of cooperative shares held:*** 21,092 ***Date of birth:*** 8 April 1960	***Mandates or functions within BRED Banque Populaire Group*** • Chairman of the Board of Directors of BRED and BRED COFILEASE. • Director on the Board of Directors of BRED Banque Populaire, Click and Trust, Prepar Courtage, COFIBRED and the BRED Banque Populaire Enterprise Foundation. ***Mandates or functions outside BRED Banque Populaire Group*** • Professor (university).

Gérard Kuster

Main role: Consultant in Business Ethics at Ethics Premium and Ekilirae

End date of mandate: General Meeting 2022 ***Number of cooperative shares held:*** 4,858 ***Date of birth:*** 20 December 1948	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire. • Deputy Secretary to the Board of Directors of BRED Banque Populaire. • Chairman of the Risk Committee and member of the Audit and Accounts Committee of BRED Banque Populaire. • Director of PREPAR Courtage and Promepar Asset Management. ***Mandates or functions outside BRED Banque Populaire Group*** • Director of Transparency International France, Cercle de la Compliance and Forum Francophone des Affaires. • Consultant in Business Ethics at Ethics Premium and EKILIBRE Conseil • Member of the Ethics Committee of Aéroports de Paris (ADP).

CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE REPORT

I certify that, having taken all reasonable care to ensure that such is the case, the information contained in this report is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

Paris, 28 March 2022

Olivier KLEIN
Chief Executive Officer of BRED

BRED
BANQUE POPULAIRE

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Design : Éditions Stratégiques
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BRED Banque Populaire, limited liability cooperative banking company governed by Articles L.512-2 et seq. of the French Monetary and Financial Code (CMF) and all of the laws relating to cooperative banking societies and lending institutions, with capital of €1,495,866,772.29 – Registered office: 18, quai de la Rapée, 75604 PARIS Cedex 12, France, Company registration number 552 091 795 RCS Paris VAT No. FR 09 552 091 795 – Insurance intermediary registered with ORIAS under registration number 07 003 608.

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