ANNUAL REPORT 2022

BRED
BANQUE POPULAIRE

ISABELLE GRATIANT

CHAIR OF THE BOARD OF DIRECTORS

It is together that we will build a more just and united society.

Our cooperative status ensures that we are constantly listening to our stakeholders.

BRED's excellent financial results once again demonstrate its ability to support all of its stakeholders - including customers, members, employees, and partners - in a sustainable way without ever sacrificing the cooperative values that underlie its economic and social significance. On the contrary, BRED's strength lies in its commitment to supporting everyone who lives and works in each of its territories through long-lasting and close relationships.

At a time when merchants, craftsmen and businesses find themselves in a very uncertain situation economically, socially and as regards the environment, and in which private individual customers, made vulnerable by the decline in their purchasing power, are prey to concerns, BRED remains a trusted partner.

Its cooperative model ensures a long-term vision of the banking relationship, a unique closeness to its territories, and prioritizes human relationships.

Thanks to BRED's financial strength and the fact that its capital is held by its members, it can continue to stand by its customers both in mainland France and overseas while pursuing its international development, free from the short-term pressures of financial markets.

We are committed to contributing to the economic and social vitality of the areas where we operate.

This means working closely and responsively with local businesses and organizations. Financing decisions are made locally, and the savings collected in a given territory are used to fund projects in that same area.

We also have strong ties with local associations in our regions, and a greater commitment in overseas France, where we support employment, integration, and entrepreneurial culture for women and young people who have dropped out of school. As such, equal opportunity is a top priority in our CSR policy, as it contributes to both economic development and social cohesion.

Our cooperative status ensures that we are constantly listening to our stakeholders, and that we are in direct contact with the challenges faced in each of our territories. We work alongside our stakeholders to manage the changes imposed by current developments.

In August 2022, BRED obtained its first rating from Moody's - an A1 Sustainability Rating - which reflects the high quality of the ESG (environmental, social, and governance) performance of the French commercial bank (both in mainland France and French overseas territories). This rating confirms BRED's ability and willingness to integrate ESG criteria into its strategy, operations, and risk management, demonstrating our determination to be a responsible and committed bank.

Together, we can build a more just and united society.

OLIVIER KLEIN

CHIEF EXECUTIVE OFFICER

Confidence, a performance driver.

What were the major issues of the year 2022?

Putting aside the serious geopolitical events, the main focus for banking institutions during the past financial year was undoubtedly the rise in interest rates, orchestrated by central banks to curb inflation. Although this increase has had a temporary negative impact on banks' net interest margin, it is not over yet.

The end of 2022 was also marked by a slight increase in the cost of risk. For several years, this cost has remained below its historical average for two reasons.

BRED's upward trajectory in recent years is exemplified by its 2022 results.

Firstly, the very low long-term interest rates relative to the rate of growth; and secondly, the legitimate government support for businesses during the pandemic period. This situation allowed some companies to survive that would have disappeared if interest rates had been "normal" or if there had been no pandemic. However, the cost of risk is expected to gradually return to its historical average.

Beyond the situation faced by banks, the geopolitical context remains tense and unpredictable, with the war in Ukraine being a particular concern. Energy prices are also a sensitive issue for all companies and individuals, with prices expected to continue rising in 2023. Finally, inflation, which was stable and very low - and therefore easily predictable - has now risen, leading to more complex price and wage negotiations.

In this context, what were BRED's results in 2022?

BRED had an outstanding year in 2022, building on its excellent trajectory over the last decade. With a 12.4% increase in net banking income (NBI) and a 23% increase in net income, we have once again delivered excellent results. It is also worth noting the very impressive cost/income ratio of 54.1%, as well as a 7.3% increase in shareholders' equity to €6.2 billion.

BRED has all the assets needed to continue its development in the service of the local economy.

How do you explain these historic results?

This sustained growth is a result of our Banking without distance strategy, which involves 100% advisory branches supported by all our business lines, both in France and abroad.

We continuously adjust our strategy to keep up with economic and social changes, and have invested in digital technology and human resources to ensure a lasting relationship of trust and provide the quality of listening and expertise expected by our customers, whether individuals or companies of all sizes.

I am confident that this strategy will contribute to BRED's success in all our markets in 2023.

Our trading desk has also made significant progress, and our international banks have experienced remarkable growth.

How is BRED approaching 2023?

In light of the changing economic and financial landscape, BRED will maintain its successful strategy while adapting to the disruptions of this new environment. With its solid foundation, it will continue to support the economic growth of the regions it serves by funding the personal and business endeavors of its clients.

It is worth noting that BRED, in addition to its excellent financial results, was honored with the title of Best Private Bank in France in 2022. Furthermore, it received recognition as the Best European Money Market Bank for its placement of short-term securities issued by leading European companies with global financial investors. Finally, BRED earned a strong rating from Moody's for its commitment to social and environmental responsibility, with a rating of A1.

What is your view of how BRED has evolved over the past ten years?

Over the past decade, BRED has emerged as a much stronger entity. Its net banking income has increased by over 80%, its net income has grown by a factor of 2.8, and its shareholders' equity has risen by a factor of 2.7. BRED has solidified its position in each of its markets, whether in mainland France, overseas, or beyond.

BRED, with its French commercial bank, has established itself as a strong local bank in France with robust relationships, renowned for providing high-quality services and advice. The bank is agile and staffed with experts, and has modernized its branch network to meet the evolving needs of its customers. The success of BRED's 100% advisory branches is a testament to this.

Furthermore, BRED's efforts to expand outside of France have proven to be fruitful. This success is a result of the dedication of all our employees across all business lines, serving individuals and large corporations, in implementing our Banking without distance strategy. We have continuously promoted talent and encouraged equal opportunities both at home and abroad within the BRED community. Our bank strives to combine ethics and efficiency, respecting both our customers and employees, recognizing that one cannot function without the other. This commitment to fairness is critical for any company that aims to remain relevant and successful.

Contents

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Corporate Governance Report

This report has been prepared in accordance with the final paragraph of Article L. 225-37 of the French Commercial Code, and takes into account the work of the Board of Directors and its various committees, as well as meetings with the Chairmen of the Board's Committees, General Management and the external auditors. It was approved by the Board of Directors on March 27, 2023.

1 - PRESENTATION OF THE BANK

1.1 - Civil status

Company name and registered office

BRED Banque Populaire (Code: BRED)

18, quai de la Rapée - 75604 PARIS

Registration

552 091 795 RCS Paris

LEI NICH5Q04ADUV9SN3Q390

Duration of the company

The term of the company, previously set at ninety-nine years as of October 7, 1919, was subsequently extended for a further ninety-nine years as of May 21, 2010.

1.2 - Legal form and applicable legislation

BRED Banque Populaire is a 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 relating to mutual banks, the Act of 10 September 1947 on the status of cooperation, 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.

The company is also subject to the general decisions and in particular to the decision relating to the guarantee system of the banques populaires network, issued by BPCE within the framework of the powers devolved to the latter by Articles L. 511-30, L. 511-31, L. 511-32, L. 512-12, L. 512-106 and L. 512-107 of the Monetary and Financial Code.

Legal documents relating to BRED Banque Populaire (articles of association, minutes of general meetings, auditors' reports) may be consulted at the registered office or at the registry of the Paris Commercial Court.

1.3 - Corporate purpose

Under the terms of Article 3 of the Articles of Association, the purpose of the company is:

1. To carry out 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. To carry out all related operations 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 aforementioned code and carry out any other activity permitted to banks by the legal and regulatory provisions. In this respect, it may in particular carry out all insurance brokerage operations and, more generally, act as an insurance intermediary;

3. To make any real estate or movable property investments necessary for the exercise of its activities, subscribe to or acquire for itself any investment securities, take any equity interests in any companies, groups or associations, and more generally, conduct any operations of any nature whatsoever, directly or indirectly related to the purpose of the company and likely to facilitate the development or realization thereof.

1.4 - Financial year

The financial year runs for 12 months from January 1 to December 31.

1.5 - The BPCE Group and the place of BRED Banque Populaire within the BPCE Group

Groupe BPCE is active in all areas of banking and insurance through its two major cooperative networks, Banque Populaire and Caisse d'Epargne, and its subsidiaries.

The description and organization chart of Groupe BPCE is available on the BPCE website, in particular in the universal registration document and its updates, by following the link below: https://groupebpce.com/investisseurs/resultats-et-publications/documents-de-reference.

BRED Banque Populaire is an associate of BPCE. BPCE is a central body within the meaning of the French Monetary and Financial Code and a licensed credit institution. It is incorporated as a public limited company (SA) with an Executive Board and a Supervisory Board, and is 50% owned by Banques Populaires. BRED Banque Populaire held 4.95% of this capital at December 31, 2022.

1.6 - Investments and acquisitions of control

Pursuant to the provisions of Article L.233-6 of the French Commercial Code, the following significant shareholdings or acquisitions of control in companies having their registered office in France have been exceeded (in %):

	1 January 2022	31 December 2022
VALMY FINANCEMENT 7 SAS	0%	100%
VALMY FINANCEMENT 9 SAS	0%	100%
VALMY FINANCEMENT 11 SAS	0%	100%
VALMY FINANCEMENT 13 SAS	0%	100%
VALMY FINANCEMENT 15 SAS	0%	100%
NMC 3 SA	0%	100%
PRONY G3 2023 SA	0%	100%

2 - SHARE CAPITAL

As of December 31, 2022, the share capital of 1,681,431,905.79 euros is divided into 159,680,143 cooperative shares with a par value of 10.53 euros, all fully paid up and held in registered form only.

2.1 - Changes in share capital

Changes in the share capital of BRED Banque Populaire				
	Amount of share capital	Number of shares	Par value of the share	Number of members
At 31 December 2022	€1,681,431,905.79	159,680,143	10.53	208,096
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

Pursuant to Article L. 512-5 of the French Monetary and Financial Code, no member may hold more than 0.25% of the total number of voting rights attached to the company's shares at the meetings, either personally or by proxy. This limitation does not apply to the Chairman of the Meeting who casts a vote as a result of proxies received in accordance with the legal obligation under Article L. 225-106 of the French Commercial Code. The number of voting rights held directly or indirectly refers in particular to those attached to shares held by a member personally, to shares held by a legal entity that he or she controls within the meaning of Article L. 233-3 of the French 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 - Social shares

BRED Banque Populaire's shares are registered in the name of the shareholder and are held in individual accounts in accordance with the regulatory conditions. They are not listed. Transfers, which take place mainly between the bank's customers, are made at par value by account-to-account transfer.

Ownership of a share automatically entails adherence to the Company's Articles of Association and the decisions of the General Meeting.

2.3 - Remuneration of shares

The shares give right to an annual interest whose rate is fixed by the annual General Assembly. In accordance with article 14 of the law of September 10, 1947 on the status of cooperation, this rate cannot exceed the average, over the three calendar years preceding the date of the General Assembly, of the average rate of bond issues in the private sector (TMO), plus two points.

The interest paid on the shares was:

- 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 ;
- 0.157 for the 2021 financial year.

2.4 - Self-control

At December 31, 2022, 972,837 BRED shares were held indirectly by the company.

[1] With respect to the interest on shares paid in respect of the 2019 financial year :

In the context of the health crisis linked to the Covid-19 epidemic, the European Central Bank issued a recommendation asking credit institutions to refrain from paying a cash dividend. The payment of the remuneration for the 2019 financial year was therefore made through the delivery of new shares in lieu of a full cash payment.

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

Date of the General Meeting	Overall limit of authorization	Duration of the authorization	Capital increases carried out on the basis of this authorization
General Meeting of May 28, 2020	€500,000,000 by issuing shares	26 months	Capital increase, **carried out on August 9, 2021**, of €113,005,379.32 by issuing at par 10,845,046 new shares of 10.42 euros each. 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. Capital increase, **carried out on August 9, 2022**, of €175,984,324.92 by issuing at par 16,808,436 new shares of 10.47 euros each. Consecutively, an incorporation of reserves amounting to €9,580,808.58 raised the par value of the old and new shares by €0.06. The share capital of the company thereby increased from €1,495,866,772.29 to €1,681,431,905.79.
General Meeting of May 31, 2022	500,000,000 € by issuing shares	26 months	As of December 31, 2022, no capital increase had been carried out on the basis of this authorization.

3 - ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

3.1 - Board of Directors

From left to right:

SIMONE DE OLIVEIRA
Deputy CEO

PATRICIA LEWIN
Director

LEÏLA TURKI
Director

PASCAL DROUHAUD
Director

BRUNO BLANDIN
Secretary to the Board

OLIVIER KLEIN
Chief Executive Officer

MARIE-PASCALE VARÈNE
BPCE Delegate

CYRIL BARTH
Director

FRANÇOIS MARTINEAU
Deputy Chairman

BRUNO GIORGIANNI
Director

ISABELLE GRATIANT
Chairman of the Board of Directors

RAPHAËL POCHET
Director

NADINE CALVÈS
Director

ÉRIC MONTAGNE
Deputy CEO

STÈVE GENTILI
Senior Vice President

STÉPHANE QUENNET
CSEC Delegate

ANNE BAY
Director

CAMILLE BOUGON
Director

ISABELLE PASTORET
Director

GÉRARD KUSTER
Deputy Secretary

LAURENT RONIS-LE MOAL
Director

BENOIT BAS
Deputy Secretary

PHILIPPE SAVARANIN
Director representing employees

PASCAL MARTIN DE FREMONT
Director representing employees

Absent on the picture :
NATHALIE BRIOT
Director

3.1.1 - The role of the board

The Board of Directors is a collegial body which determines the orientations of the company's activity and ensures their implementation. Subject to the powers expressly attributed to the Shareholders' Meetings and within the limits of the corporate purpose, it considers any issue affecting the proper operation of the company and settles, through its deliberations, matters that concern it. The Board of Directors performs whatever checks and controls it may deem necessary and devotes sufficient time to its role.

In particular, the articles of association state that the Board's powers include :

- Defining the general orientations and objectives of the company;
- Authorizing commitments exceeding the internal delegation limits granted to the General Manager;
- Examining and approving the annual and consolidated financial statements, and drawing up the company's management report;
- Proposing the fixing of the annual interest to be paid on the shares, within the legal limit;
- Ruling on the 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 November 3, 2014 on the 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 (hereinafter "Decree of November 3, 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:

- Oversee and monitor management's decision making and actions;
- Ensure effective oversight of the governing body in its executive function;
- Constructively challenge and critically examine proposals and information provided by 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 action to address any weaknesses identified.

3.1.2 - Specific missions of the Chairman of the Board

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

- Organize and oversee the work of the Board of Directors;
- Ensure that strategic issues are discussed as a priority;
- Report on this work 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 - The composition of the Board

At 31 December 2022, the Board of Directors was composed of twenty 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 Assembly 2028 ***Number of shares held:*** 21,092 ***Date of birth:*** April 8, 1960	***Offices or functions within the BRED Banque Populaire Group*** • Chairman of the Board of Directors of BRED Banque Populaire, BRED COFILEASE and BRED GESTION. • Director on the Board of Directors of PREPAR Courtage, COFIBRED and the BRED Banque Populaire Foundation. • Member of the Supervisory Board of PREPAR VIE. ***Offices or positions outside the BRED Banque Populaire Group*** • Professor (University).

Deputy Chairman

Stève GENTILI

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

End date of mandate: General Assembly 2026 ***Number of shares held:*** 33,074 ***Date of birth:*** June 5, 1949	***Offices or functions within the 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, Fondation d'entreprise de la BRED Banque Populaire 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 Chairman

François MARTINEAU

Main Role: Lawyer at the Court

End date of mandate: General Assembly 2026 ***Number of shares held:*** 2,438 ***Date of birth:*** June 11, 1951	***Offices or functions within the BRED Banque Populaire Group*** • Vice-Chairman of BRED Banque Populaire. ***Offices or positions outside the BRED Banque Populaire Group*** • Lawyer at the Court. • Co-manager of Lussan Sociétés d'Avocats. • Chairman of the Conservateur Foundation. • Deputy Chairman of Associations Mutuelles le Conservateur and Insurance Mutuelles le Conservateur. • Chairman of the Strategic Coordination Committee of AXA Mutuals, AXA Assurances IARD, and AXA Vie. • Director on the Board of Directors of AXA Assurances IARD, Conservateur Finance, SAMA (Société des amis du musée de l'Armée), ACDM (Association des amis des concerts du dimanche matin).

Secretaries

Bruno BLANDIN

Main Role: Manager of Claude Blandin et fils SARL

End date of mandate:	***Offices or functions within the BRED Banque Populaire Group***
General Assembly 2024	• Secretary of the Board of Directors of BRED Banque Populaire. • Director of BRED COFILEASE.
Number of shares held: 3,461	
Date of birth: October 7, 1952	***Offices or positions outside the BRED Banque Populaire Group***
	• Manager of 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&PP, 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, SCI 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 • Manager of SARL B6, SARL BEB, SCI ATHENAIS, SCI ALLEGRI PCM, SARL LES HAUTS DE TRIANON, SCI TAMARINE, SCI LIBRA Saint François. • Chief Operating Officer of Blandin SAS and Blandin Concept automobiles SAS. • Director of GIE C2B, GIE CBI, CANAL + ANTILLES, and SEM PATRIMONIALE REGION GUADELOUPE, F.E.D.O.M (Federation of DOM/TOM). • Chariman of the Union of companies - MEDEF GUADELOUPE. • Chairman of the Overseas Committee and Member of the Executive Committee of the MEDEF National in Paris. • 1st Vice President and Director of the Grand Port Maritime de la Guadeloupe (Member of the Supervisory Board). • Elected member of the Chamber of Commerce and Industry of Guadeloupe Islands (CCI-IG). • Vice-president SEM Patrimoniale Région 971. • Vice-president FEDOM federation of the DOM.

Gérard KUSTER

Main role: *Business Ethics Consultant at Ethics Premium*

End date of mandate: General Assembly 2028 ***Number of shares held:*** 4,858 ***Date of birth:*** December 20, 1948	***Offices or functions within the BRED Banque Populaire Group*** • Deputy Secretary to the Board of Directors of BRED Banque Populaire. • Director of PREPAR Courtage and PROMEPAR Asset Management. ***Offices or positions outside the BRED Banque Populaire Group*** • Director of Transparency International France and the Francophone Business Forum. • Business Ethics Consultant at Ethics Premium • Member of the Ethics Committee of Aéroports de Paris (ADP).

Benoit BAS

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

End date of mandate: General Assembly 2026 ***Number of shares held:*** 280 ***Date of birth :*** January 16, 1975	***Offices or functions within the BRED Banque Populaire Group*** • Deputy Secretary of the Board of Directors of BRED Banque Populaire. • Director of the BRED Banque Populaire Corporate Foundation. ***Offices or positions outside the BRED Banque Populaire Group*** • Corporate Affairs and Communications Director at Japan Tobacco International • Director of ALCOME (eco-organization).

Administrators

Cyril BARTH

Main role*: Chairman of SCYFCO, vocational training centre*

End date of mandate: General Assembly 2023 ***Number of shares held:*** 245 ***Date of birth:*** March 11, 1971	***Offices or functions within the BRED Banque Populaire Group*** • Director of BRED Banque Populaire ***Offices or positions outside the BRED Banque Populaire Group*** • Chairman of SAS CYRALAB • Representative of CYRALAB as Chairman of SCYFCO SAS • Chairman of of SAS France Défense Développement. • Chairman of of COHERENCE SAS.

Anne BAY

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

End date of mandate: General Assembly 2028 ***Number of shares held:*** 101 ***Date of birth:*** January 25, 1962	***Offices or functions within the BRED Banque Populaire Group*** • Director of BRED Banque Populaire. ***Offices or positions outside the 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 Assembly 2025 ***Number of shares held:*** 4,748 ***Date of birth:*** April 4, 1981	***Offices or functions within the BRED Banque Populaire Group*** • Director of BRED Banque Populaire. ***Offices or positions outside the BRED Banque Populaire Group*** • Head of Real Estate France - International investment holding company. • Chair, SAS CAMERO. • Manager of SC JEANJO. • Manager SCI DES MARAIS. • Manager SARL IPC. • Manager SCI MINIE.

Nathalie BRIOT

Main role: *Institutional relations and lobbying consultant*

End date of mandate: General Assembly 2026 ***Number of shares held:*** 101 ***Date of birth:*** July 11, 1954	***Offices or functions within the BRED Banque Populaire Group*** • Director of BRED Banque Populaire. • Director of the BRED Banque Populaire Corporate Foundation. ***Offices or positions outside the BRED Banque Populaire Group*** • Institutional relations and lobbying consultant

Nadine CALVES

Main role: *Management officer at the General Secretariat of the Ministry of Finance*

End date of mandate: General Assembly 2026 ***Number of shares held:*** 96 ***Date of birth:*** April 6, 1965	***Offices or functions within the BRED Banque Populaire Group*** • Director of BRED Banque Populaire. • Director of the BRED Banque Populaire Corporate Foundation. ***Offices or positions outside the BRED Banque Populaire Group*** • Management officer at the General Secretariat of the Ministry of Finance.

Pascal DROUHAUD

Main role*:* Head of Institutional Relations and Communication at Nice Côte d'Azur Metropolis.

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

Bruno GIORGIANNI

Main role: *Director of Public Affairs and Security, Chief of Staff to the Chairman and CEO of Dassault Aviation*

End date of mandate: General Assembly 2025 ***Number of shares held:*** 100 ***Date of birth:*** April 17, 1966	***Offices or functions within the BRED Banque Populaire Group*** • Director of BRED Banque Populaire. • Director and member of the strategic committee of COFIBRED (Compagnie Financière de la BRED). ***Offices or positions outside the BRED Banque Populaire Group*** • Director of Public Affairs and Security, Chief of Staff to the Chairman and CEO of Dassault Aviation. • Member of the GIFAS-CIDEF Defense Committee.

Patricia LEWIN

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

End date of mandate: General Assembly 2026 ***Number of shares held:*** 549 ***Date of birth:*** November 24, 1960	***Offices or functions within the BRED Banque Populaire Group*** • Director of BRED Banque Populaire. ***Offices or positions outside the BRED Banque Populaire Group*** • Outreach Delegate of the Directorate General for International Relations and Strategy (DGRIS) of the 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 Assembly 2026 ***Number of shares held:*** 573 ***Date of birth:*** April 29, 1962	***Offices or functions within the BRED Banque Populaire Group*** • Director of BRED Banque Populaire. ***Offices or positions outside the BRED Banque Populaire Group*** • General Controller at the French Ministry of Finance, Trade and Industry. • Member of the Economic and Social Council of the Ile de France Region (CESER).

Raphaël POCHET

***Main role:** Security executive training consultant*

End date of mandate: General Assembly 2026 ***Number of shares held:*** 1,220 ***Date of birth:*** February 3, 1953	***Offices or functions within the BRED Banque Populaire Group*** • Director of BRED Banque Populaire. ***Offices or positions outside the 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 Assembly 2027 ***Number of shares held:*** 100 ***Date of birth:*** November 26, 1971	***Offices or functions within the BRED Banque Populaire Group*** • Director of BRED Banque Populaire. ***Offices or positions outside the 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 Assembly 2025 ***Number of shares held:*** 3,021 ***Date of birth:*** October 25, 1972	***Offices or functions within the BRED Banque Populaire Group*** • Director of BRED Banque Populaire. ***Offices or positions outside the BRED Banque Populaire Group*** • Senior executive in an asset management company • Manager of ASK Consulting.

Directors representing employees

Pascal MARTIN DE FREMONT

Main role: *Back-office agent at BRED Banque Populaire*

End date of mandate: General Assembly 2025 ***Number of shares held:*** 212 ***Date of birth:*** August 30, 1965	***Offices or functions within the BRED Banque Populaire Group*** • Back-office agent at BRED Banque Populaire • Director representing employees of BRED Banque Populaire. ***Offices or positions outside the BRED Banque Populaire Group*** • Advisor to the CFTC Banking Federation. • President of the National Union 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 Assembly 2025 ***Number of shares held:*** 487 ***Date of birth:*** June 17, 1963	***Offices or functions within the BRED Banque Populaire Group*** • Deputy to the local commitments delegation (Ile de la Réunion) of BRED Banque Populaire • Director representing employees of BRED Banque Populaire. ***Offices or positions outside the 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

A balanced representation

The composition of the Board aims at a balance between :

- 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 that make up the Bank's clientele and the various regions in which it operates.

At December 31, 2022, the Board of Directors was composed of eight women and ten men (i.e. 44% women and 56% men), excluding from the calculation the two directors representing employees in accordance with the 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 French 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

Directors are required to comply with the requirements of French and European regulations regarding availability, attendance, skills, knowledge, good repute and confidentiality that are incumbent on 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 2022

The Board of Directors meets at the invitation of its Chairman as often as the interests of the company require and at least six times a year.

During financial year 2022, the Board of Directors met six times. The average duration of the meetings was four hours and the attendance rate of the directors was 94.87%.

Governance

- The Board of Directors heard a report on the work of the Appointments Committee.
- It renewed the terms of office of the Chairman and the members of the Bureau of the Board, and appointed a new director on a provisional basis following the death of one of its members.
- The Board approved the training program for directors representing employees and took note of the training program for Board members.
- It decided on the allocation of compensatory payments for time spent.
- It was informed of the results of the 2021 self-evaluation.
- The Board prepared and adopted the resolutions submitted to the Annual General Meeting.

Corporate social responsibility and cooperative auditing

- The Board of Directors took note of the Bank's CSR policy and actions.
- The Cooperative Auditor presented his interim report on the cooperative audit.
- The Board approved BRED's policy on professional and salary equality.

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, and approved the policy of securing the share capital.
- The Board of Directors approved the terms of payment of interest to the cooperative shares for the financial year 2021.
- It made use of the delegation of authority granted to it by the General Meeting in respect of capital increases and of the extension option provided for by regulations to increase the Bank's share capital by €175,984,324.92, in order to support its activity, its stability as well as its financial autonomy. Since 9 August 2022, the share capital amounts to € 1,681,431,905.79.

Remuneration

- The Board of Directors heard a 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 executive officers, and established the principles and criteria for determining, allocating and attributing the compensation of the Chief Executive Officer.

Strategy, business and operations

- The Board of Directors was kept informed of the impact of the conflict in Ukraine with regard to the activity of BRED and its subsidiaries.
- The Board was kept duly informed of the state of the French, European and international economies, particularly with regard to the banking and financial markets. The evolution of interest rates and its impact

on the banking sector and on BRED was also a permanent focus of attention for the members of the Board of Directors.

- 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.
- The Board of Directors approved the business plan of the trading desk. It also took note of an analysis of the impact of rising interest rates and inflation on the trading desk's activities.

Accounting and financial information

- The Board of Directors duly heard the report on the work of the Audit and Accounts Committee.
- The Board examined and approved the 2021 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 2023 financial year.
- The Board members met with the Statutory Auditors.
- The Board conducted the annual review of regulated commitments and agreements entered into and authorised in prior years that continued during the 2022 financial year.
- The Board approved the draft report of the Board of Directors established in respect of financial year 2021 and the Pillar 3 report.
- The Board renewed its authorizations to issue subordinated securities and euro medium-term notes (EMTN).

Internal control, risk and compliance

- The Board of Directors duly heard the report on the work of the Risk Committee, notably on the results of the missions carried out by BRED's Group Audit and the follow-up of recommendations (for all issuers).
- The Board 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 was also informed of the results of the General Inspection’s missions and the multi-year audit plan.
- The Board approved the annual report on internal control for the year 2021 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 Management, Compliance and Permanent Controls, notably on the summary of permanent controls for 2021, the periodic review of dashboards and consolidated risk maps, as well as approval of policies and procedures
- The Board was presented with a study on tracking high-risk pockets and associated strategies.
- 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 missions of the Committees

The Audit and Accounts Committee

The main responsibilities of the Audit and Accounts Committee are as follows:

- 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 internal control and risk management systems with respect to procedures relating to the preparation and processing of accounting and financial information;
- To ensure the independence of the statutory auditors and review their program 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 Remuneration Committee

The main responsibilities of the Compensation Committee are as follows:

- To prepare the decisions that the Board of Directors makes regarding compensation, particularly those that have an impact on risk and risk management in the Bank;
- 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 respect to the missions assigned to it and submit to it any useful recommendations;
    - The knowledge, skills and experience of the members of the Board of Directors, both 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 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.

As of 31 December 2022, the main specialized committees were as follows

Composition of the specialized committees of the Board of Directors of BRED Banque Populaire				
	Audit and Accounts Committee	**Risk Committee**	**Compensation Committee**	**Appointments Committee**
President	Benoît BAS	Gérard KUSTER	Raphaël POCHET	Stève GENTILI
Committee Members	Bruno BLANDIN Gérard KUSTER François MARTINEAU Isabelle PASTORET Leïla TURKI	François MARTINEAU Isabelle PASTORET Leïla TURKI	Pascal DROUHAUD Stève GENTILI Patricia LEWIN Pascal MARTIN DE FREMONT	Nathalie BRIOT Nadine CALVES Patricia LEWIN Raphaël POCHET

** 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 2022

The Audit and Accounts Committee

The Committee met four times in 2022 and reported on its work to a meeting of the Board of Directors.

The year 2022 was filled with adverse factors on a scale not seen for several decades: inflationary pressures, the rise in the dollar, the energy crisis and natural disasters competed with the continuation of a conflict on the doorstep of the European Union. Against this backdrop, the Committee paid particular attention to the development of BRED's results.

The Audit and Accounts Committee examined BRED's annual corporate and consolidated financial statements and the interim financial statements.

It examined the process for preparing accounting and financial information, the results of the audits carried out by the Financial Audit Department in 2021, and the audit plan for 2022. The Committee also reviewed the anti-corruption mapping of accounting procedures and controls.

It held discussions with the statutory auditors to cover the 2021 accounts and reviewed their reports.

The Committee also examined the statement of independence of the Statutory Auditors and reviewed their audit plan for 2022. It reviewed the services entrusted by BRED to the Statutory Auditors other than the certification of the accounts.

Finally, it followed the tender procedure launched in anticipation of the expiry of the mandates of the two Statutory Auditors at the BRED General Meeting in 2023.

The Risk Committee

The Risk Committee met six times in 2022 and reported on its work to the Board of Directors.

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 2022 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 periodically reviewed the risk management system (including compliance with thresholds and limits), in particular credit risks, market risks, balance sheet risks, compliance risks, country risks and operational risks. The Committee regularly reviewed changes in risk appetite indicators and the quarterly consolidated risk map, including compliance risks.

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

During the year under review, the Committee met once and reported on its work to the Board.

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

The Committee 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 regulatory provisions and professional standards.

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

The Appointments Committee

During the year under review, the Committee met once and reported on its work to the Board.

The Committee reviewed the composition of the Board of Directors and the Board Committees. It examined several new candidates to complete the membership of the Board of Directors and decided to propose to the Board of Directors the candidacy of Bruno GIORGIANNI.

Finally, in accordance with Article L. 511-100 of the French Monetary and Financial Code and the EBA/ESMA guidelines on the assessment of the suitability of members of the management body and holders of key positions, the Appointments Committee assessed the structure, size, composition and effectiveness of the Board of Directors (2021 self-evaluation process).

In accordance with Article L 511-101 of the French 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 BRED's interests.

It took note of the changes made to the BRED Group's internal governance framework, to the appointment, succession and evaluation policies for members of the management body and holders of key positions.

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 to any agreement between BRED and another company if the Chief Executive Officer or one of the directors of BRED is the owner, indefinitely liable partner, manager, director, member of the supervisory board or, generally speaking, an executive of that 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 the Board of Directors and his/her 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 65 th 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 - List of offices and positions held by the Chief Executive Officer

***Olivier* KLEIN**

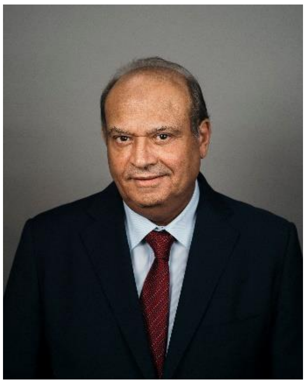
Main role: Chief Executive Officer of BRED Banque Populaire

End date of mandate:	***Offices or functions within the BRED Banque Populaire Group***
General Meeting 2023	• Chief Executive Officer of BRED Banque Populaire. • Chief Executive Officer of COFIBRED. • First Vice President of the Fédération Nationale des Banques Populaires. • Director of BRED Gestion, COFIBRED, BIC-BRED, BRED Bank Fiji Ltd, BRED Bank Cambodia, Banque Franco Lao, Promepar Asset Management, BIC BRED Suisse SA, BCI Mer Rouge and BCI Nouvelle Calédonie. • Member of the Supervisory Board of PREPAR VIE. • Member of the Strategic Committee of Vialink. ***Offices or positions outside the BRED Banque Populaire Group*** • Member of the Supervisory Board and the Risk Committee of BPCE. • Director of Rexecode and Unigestion Asset Management. • Manager of SCI Klein Boissonnade.

3.2.3 - The Executive Committee

The Executive Committee consists of the General Management and 14 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 EPIFANIE
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
CAPITAL MARKETS DIRECTOR

ARNAUD
VIRICEL
DIRECTOR OF RISK MANAGER, COMPLIANCE AND CONTROLS PERMANENT

NADHIR
ZOUAGHI
DIRECTOR OF METROPOLITAN NETWORK

MURIEL
LECLERCQ
DIRECTOR OF STRATEGY AND TRANSFORMATION

4 - GENERAL MEETINGS

4.1 - Method of convening

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 are held either at the registered office or at any other place specified in the notice of meeting. The period between the dispatch of the letter of convocation and the date of the meeting is at least fifteen days.

4.2 - Admission requirements

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.

- Financial year 2022-

1- Description of the company's compensation policy

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 in order to comply with changes in French and European regulations. Since 2014, BRED has in particular complied with the legislation on compensation policy set out in the French Monetary and Financial Code, the Decree relating to internal control of November 3, 2014 and Delegated Regulation 2021/923 of March 25, 2021 supplementing the CRD IV and CRD V directives.

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 Mr. Raphaël Pochet. It is also composed of Mr. Stève Gentili, Mr. Pascal Drouhaud, Mrs. Patricia Lewin and Mr. Pascal Martin de Frémont (Director representing employees).

Its composition complies with the applicable regulations:

- the Committee is composed 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 once in 2022, has a file assembled under the control of General Management. This file includes, in particular, the report sent to the Autorité de Contrôle Prudentiel et de Résolution (ACPR) pursuant to 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, the Risk, Compliance and Permanent Controls Department (opinion on compliance with limits and internal procedures, as well as on the ethical behavior of risk takers; opinion on the application of the principles of the compensation policy for risk takers and executives).

This committee conducts an annual review of:

- the principles of the company's compensation policy;
- 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 regulations 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 the risk-taker population

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 by 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 and committee members with authority to approve or veto the introduction of new products;
15. Member in charge of the SRAB/Volker unit.

Identification by 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.

How to apply the 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 - Chariman

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.

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 amount of the fixed remuneration of the Chief Executive Officer has not been changed in 2022.

The variable portion of the CEO’s compensation allocated in respect of 2022 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 considering 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.

To this end, 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.

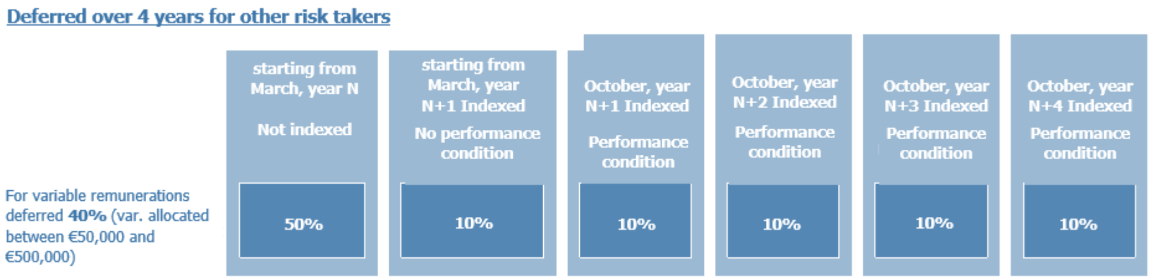
As an exception, in the event of death, deferred portions are settled immediately.

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.

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. The conditional compensation granted in 2023 is covered by the "2023 Performance and Retention Plan";
- deferred payments of potential bonuses subject to presence and subsequent performance conditions must represent, at the individual level, at least 40% of the total amount of variable compensation awarded during a financial year above the threshold of €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;
- payments are spread over four years following the year of grant, depending on the verification of performance and presence indicators, in particular, six months before the potential date of payment;
- 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 compensation is consistent with the Bank's actual commercial and financial performance.

The amounts of variable compensation are not such as to cause the institution to take disproportionate risks and do not hinder its ability to strengthen its capital base.

3.3.2 - Behavioral malus system

In accordance with article L511-84 of the French Monetary and Financial Code, BRED has introduced criteria for reducing the variable portion of the remuneration of members of the regulated population in the event of serious breaches of risk management and compliance.

Risk-takers Committee

In 2016, the Board of Directors approved the creation of a Risk-takers Committee to oversee the monitoring of malus criteria and to decide annually on malus proposals 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 compensation policy for risk-takers, which is then submitted to the Board of Directors for approval after review by the Compensation Committee. This policy specifies the criteria for identifying risk-takers;
- To ensure the implementation of regulatory BPCE Group standards regarding the identification and remuneration of risk-takers;
- To rule 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.

Applicable malus criteria

Behavioral malus schemes applicable to variable shares of risk takers identify the following types of violations:

- 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 equity.
- 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.

For financial year 2022, one employee's variable portion was reduced by 5% because he did not complete a mandatory training course.

3.3.3 Aggregate quantitative information on the compensation of risk takers

Table 1

Aggregate quantitative information on compensation, broken down by business area

Aggregated quantitative information on earnings, broken down by business area										
Allocation in respect of the 2022 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										**167**
of which members of the management body	2	21	***23***							
of which other members of general management				1	2	0	10	2	0	
of which other staff members identified				60	28	2	27	11	1	
Total compensation	**2,194,000 €**	**885,500 €**	***3,079,500 €***	**12,013,091 €**	**6,238,762 €**	**401,640 €**	**5,395,275 €**	**1,754,202 €**	**229,198 €**	
of which variable compensation	1,290,000 €	0 €	***1,290,000 €***	5,877,000 €	2,178,488 €	91,640 €	1,039,842 €	442,300 €	49,000 €	
of which fixed compensation	904,000 €	885,500 €	***1,789,500 €***	6,136,091 €	4,060,274 €	310,000 €	4,355,433 €	1,311,902 €	180,198 €	

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

Aggregated quantitative information on compensation, broken down for management staff and staff whose activities have a significant impact on the institution's risk profile						
F22 Allocation - excluding Management Expenses - in €		**Management body– Supervisory function**	**Management body- Management function**	**Other members of general management**	**Other identified staff members**	**Total**
Fixed compensation	**Number of staff members identified**	20	2	15	129	166
	Total Fixed Compensation	885,500 €	904,000 €	2,595,001 €	13,758,897 €	**18,143,398 €**
	of which cash	*885,500 €*	*884,000 €*	*2,595,001 €*	*13,758,897 €*	***18,123,398 €***
	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 €*	*20,000 €*	*0 €*	*0 €*	***20,000 €***
Variable compensation	**Number of staff members identified**	0	2	15	122	139
	Total Variable Compensation	0 €	1,290,000 €	1,515,000 €	8,163,270 €	**10,968,270 €**
	of which cash	*0 €*	*530,000 €*	*847,500 €*	*4,695,776 €*	**6,073,276 €**
	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 €*	*760,000 €*	*667,500 €*	*3,367,994 €*	**4,795,494 €**
	of which deferred	*0 €*	*746,000 €*	*584,000 €*	*2,694,395 €*	**4,024,395 €**
	of which other instruments	*0 €*	*0 €*	*0 €*	*0 €*	**0 €**
	of which deferred	*0 €*	*0 €*	*0 €*	*0 €*	**0 €**
	of which other forms	*0 €*	*0 €*	*0 €*	*99,500 €*	**99,500 €**
	of which deferred	*0 €*	*0 €*	*0 €*	*0 €*	**0 €**
	Total compensation	**885,500 €**	**2,194,000 €**	**4,110,001 €**	**21,922,167 €**	**29,111,668 €**

2

Activity report

ECONOMIC ENVIRONMENT

The global economy experienced an energy crisis after the pandemic and has gradually slowed down in 2022. The end of the post-pandemic recovery in advanced economies and the intense pressure on prices have resulted in lower growth expectations for the new fiscal year.

However, the US and Eurozone economies have still shown positive annual growth in 2022, with the former at 2.1% and the latter at 3.5%. This growth is largely attributed to the post-pandemic catch-up effect, which will eventually fade, resulting in slower average growth in 2023.

Due to the inflationary pressures that emerged during the beginning of the year, central banks decided to increase their intervention rates. The US Federal Reserve, for instance, began a cycle of eight rate hikes in March, which is still ongoing. The UK and Australian central banks followed suit soon after. The European Central Bank (ECB) began its monetary adjustment program later and is expected to continue it well into 2023. Even though there are some initial signs of price easing by the end of 2022, they are not significant enough for central banks to end these actions.

While central banks are mainly focused on price risks, they are also aware of the economic environment and its potential fragility. The gradual normalization of economic circuits, in terms of supply and production, has helped to lessen the impact of the price shock and the rise in interest rates on economic activity. Despite a more uncertain outlook for final demand and widespread recruitment difficulties in all sectors, business leaders are still making efforts to maintain employment, even at the cost of reducing their profit margins. These factors undoubtedly contribute to explaining the resilience of the economy in 2022.

The leading indicators are currently stagnant. While household confidence is no longer declining, there is still some hesitancy regarding certain aspects of the survey, particularly their ability to save, which reflects a potential threat to their purchasing power. European business leaders are still worried about technical issues, such as hiring difficulties in the industry sector affecting a quarter of them. However, expectations regarding incoming prices, which had peaked at the beginning of the Russian invasion of Ukraine, have quickly subsided. Additionally, financial constraints are only beginning to emerge from a period of inactivity.

Yet, in 2023, despite the gradual easing of the pressures that abruptly pushed economies off their inflation path, growth is expected to remain weak. On the one hand, growth at the beginning of the year is particularly sluggish, with France showing only a 0.3% growth rate compared to over 2.1% at the start of 2022. Inflation is expected to remain well above central bank targets, despite their efforts to implement restrictive adjustments, which may dampen demand. Moreover, there is significant uncertainty regarding the evolution of the war in Ukraine and possible new supply disruptions related to the pandemic, such as in China. The eurozone, which has been most severely impacted by the conflict, may be headed towards a quasi-recessionary situation due to the erosion of household purchasing power and corporate margins by inflation.

COMMERCIAL BANKING STRATEGY

After experiencing a robust economic recovery following the COVID-19 pandemic in the 2021 fiscal year, the economic landscape has undergone significant changes in 2022. These include geopolitical tensions, a resurgence of inflation, decreased purchasing power, and increased interest rates. The surge in energy and commodity prices, further intensified by the ongoing conflict in Ukraine, has particularly affected both businesses and households.

As a result of this new situation, consumer behavior has also shifted, particularly in terms of credit and savings strategies. Our clients now require more support and advice than ever before, given the tense environment. Additionally, the trend towards digitalization in transactional banking is irreversible.

The current environment is a challenging and complex one for banks. Despite this uncertainty, rising interest rates provide banks with the opportunity to rebuild their margins in the medium term. However, in the meantime, banks must ensure that their balance sheets are balanced and prepare for the anticipated increase in the cost of risk.

Faced with these challenges, BRED is adapting by reinforcing its "Banking Without Distance" strategy. Having been deploying its relational promise for several years now, BRED is a bank that abolishes physical and relational distances, by combining the best of human and digital resources.

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

- BRED provides each customer with a dedicated advisor with the expertise he or she needs, 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 leader;

- 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 application are constantly being improved to offer customers more services and an ever more fluid experience. Customers are now able to carry out almost all their day-to-day operations with complete autonomy, simplicity and security. New in 2022, our professional clientele can now control its credit card from the mobile app: cancellation, limit management, confirmation of confidential code, etc. All our customers can make an appointment with their adviser from the mobile app by choosing the channel of their choice: branch, telephone or videoconference. Our application is ranked among the best on the market, as evidenced by its ratings in app stores.

Clients are offered multi-channel support: the direct telephone line and the e-mail address of the advisors available to clients facilitate contact and make the relationship more fluid, as does the secure messaging system. In 2022, this messaging system, accessible from the website or the mobile app, will include the possibility of sharing documents. The Customer Relations Center (CRC) offers extended availability beyond branch opening hours, with bank advisors available to handle requests and answer the most common questions.

Finally, the branch renovation program is nearing completion, with all branches equipped with a complete and widely accessible self-service area (6 a.m. to 10 p.m.), with the latest generation of cash and check machines.

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, BRED has developed a whole system for monitoring customer satisfaction over the last few years, through recurrent or ad hoc surveys. As part of the continuous improvement plan for our customer service, the monitoring of quality indicators enables advisers to react quickly in the event of a deterioration in the quality of the relationship with a client.

BRED relies on the Customer Experience Department to support and accelerate the digitalization of customer and employee journeys. All customer and employee journeys are reviewed, rated and tackled in an annual improvement plan.

This year, we have accelerated the use of videoconference meetings and appointments (Teams). This system allows us to maintain close relationships while reducing travel. The visual contact between the client and his adviser and the shared screen make the experience more interactive and generate more exchanges than on the phone.
In 2022, the improvement and digitization of journeys continued: extension of the electronic signature to "serenity" loans, digitization of consumer loan amendments, and dematerialization of real estate loan receipts with the creation of a digital data collection area.

In 2022, BRED innovated to bring even more convenience and simplicity to its customers in the French overseas territories. We now offer a new instant payment solution: payment by QR code. This new service enables merchants, entrepreneurs and, more generally, professionals with electronic payment needs who do not have a payment terminal to issue a payment request by QR code from their mobile. This solution is also available to individuals and responds to the new uses of millenials, many of whom are already sending money via their mobiles.

Bred is also deploying a strategy to expand its service offerings to non-banking areas. This involves developing non-banking service platforms that complement traditional banking offerings and can be accessed from the Bred mobile app or website. While remaining faithful to our core business, we seek to bring even more value to our customers by offering them additional services with high added value:

- Services dedicated to professionals around the management and development of their business: business agenda, management of quotes and invoices, management of expense accounts, accounting, etc.
- Services dedicated to individuals on the topics of real estate and retirement: real estate loan guide, remote monitoring service, retirement simulator, etc.

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

The branch network, which alone accounts for almost 62% of the net banking income 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 constantly review our organisation in order to build a more efficient model, that will enable us to keep our promise of “Banking Without Distance”. The Covid crisis has made urgent the need to revisit the way we physically receive customers at our branches.

In 2022, BRED has perpetuated and strengthened its model of 100% advisory branches for ever:

- 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; an approach that 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 in-depth knowledge of the customer's needs, anticipation of their life and business plans and long-term support.

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

BRED recognizes that the skills of its advisers are crucial to meeting customer expectations. As a result, the bank invests heavily in the ongoing professional development of its staff, with over 6% of its total payroll dedicated to training. This proactive approach reflects the bank's commitment to staying ahead in a constantly evolving and demanding banking sector.

At BRED, the Advisors School is designed to provide comprehensive training and support to new advisors when they first join the company. This program enables our young employees to acquire both the technical and interpersonal skills necessary to provide exceptional customer care, as well as the knowledge of tools required to excel in their role. This initial training program is supplemented by ongoing courses that are tailored to each specific business line, providing our employees with continuous support throughout their professional careers.

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

BRED's members are the only holders of its share capital, while also being its 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 their attachment to these values, almost 200,000 of them own BRED shares entitling them to interest payments and voting rights at the annual 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 in certain businesses.

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

First of all, we support the economic development of our regions by financing our clients' life and business projects.

The challenge is to actively support the financing of local economic players, as evidenced by the sustained growth of our lending activity. The local economic impact of this financing is significant, since one million euros of credit granted helps to support 12 local jobs, according to the measurement 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 this context, BRED is careful to guarantee ethical business practices 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 SA obtained an A1 Sustainability Rating from Moody's ESG Solutions in August 2022. This rating corresponds to the highest level of Moody's ESG Solutions sustainability rating, considering BRED's CSR policy and practices as "advanced".

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

State-of-the-art management for wealthy clients

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 client in the branch network whose assets exceed €200,000 is thus offered a dual commercial relationship: a dedicated advisor in the branch for the day-to-day management of his or her current transactions and a private banking advisor for value-added advice and asset management.
- A Private Banking entity at BRED Espace adapted to the specific wealth management needs of non-residents.
- A dedicated wealth management structure, BRED Gestion de fortune, with a team of ten private bankers, six assistants and two credit analysts, supports families with financial assets in excess of 2 million and whose asset structures are complex, some of which have an international dimension.

Regional 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 has a team of 10 engineers who specialize in wealth, financial, and real estate engineering. These experts provide support to the sales teams and continuously update their knowledge in their respective fields. The wealth engineers prepare technical letters and asset reports to develop personalized strategies and solutions. The financial engineers assist company executives who are shareholders with tasks related to the company's capital, such as evaluating securities, providing intermediation services and advice. The real estate engineers offer support for real estate financing.

An open architecture offer

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

Promepar Asset Management, BRED's asset management subsidiary, provides BRED Banque Privée's customers with a full range of services: discretionary management, managed assets in unit-linked life insurance policies, delegated management and, for high net worth clients, an advisory management service. Each client managed under mandate has direct access to his or her Promepar manager in order to follow the evolution of his or her portfolio. Promepar Asset Management also has its own funds and deploys a socially responsible investment offer.

A high-end event-hosting site and services

To greet clients in mainland France and its overseas territories, our asset management centers are created as spaces that encourage communication and build strong relationships. We keep our customers up-to-date with a newsletter and frequently invite them to events, working closely with our subsidiaries and partners.
BRED Banque Privée was awarded a gold trophy in 2022 in recognition of its constant commitment to its clients.

Working closely with corporate customers

BRED has continued to carry out the projects necessary to optimize the SME market, in terms of organization, expansion of its offering, customer service and employee skills development.

Customer care in the business center is organized around different customer segments: small businesses, SMEs and ETIs, 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, 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 2022, 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 in line with the latest developments in the economic and social environment: external growth opportunities, ecological transition challenges, working capital financing and hedging needs generated by rising interest rates.

Every corporate client is assigned a senior banker who oversees equity and structural financing matters in collaboration with business experts. Additionally, a business manager is responsible for managing cash flow and treasury. Senior bankers act as the primary contact for clients and strive to establish long-term relationships built on trust.

The recognized expertise of the financing teams (corporate financing, and/or financing secured by an asset or a project) enables them to provide clients with individualized support: advice on the structuring and syndication of their debt with regard to their projects, their business model and, where appropriate, their environmental and social strategy. The teams have been strengthened this year with the integration of new experts to offer advice and tailor-made solutions, on the real estate side, to all the clients followed by the CBD.

As a bank that operates in close proximity to its clients and has a strong financing capacity, CBD has been entrusted with the roles of arranger, agent, and coordinator in market transactions.

In today's fast-changing world, BGC remains committed to investing in innovative solutions that enhance the customer experience. This includes digitizing the customer journey, enabling instant payments, facilitating payment initiation, supporting impact financing, and more.

A bank with a strong international focus

BRED meets the needs of its customers with international activities through a wide range of products and services. Its corporate and institutional customers 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, Southeast Asia and the Horn of Africa.

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

BRED Espace: a 100% online bank

BRED Espace is BRED's online bank; it offers its 45,000 customers the advantages of a 100% online bank and the close relationship of a traditional bank.

It deploys an innovative development model and has acquired over time a solid expertise with affinity customers:

- Students in general, with an agency dedicated to partnering colleges and universities;
- Employees seconded from overseas departments;
- International: individuals - non-residents, expatriates (but also impatriates) - and local economic institutions/actors such as embassies, consulates, Alliances Françaises abroad, etc.;
- Liberal professions;
- Adults under guardianship.

BRED's staff branch - which manages the accounts of BRED employees, retirees, but also the spouses and children of our employees - is also part of the online bank.

These clients are very different but have one thing in common: they are all interested in remote management. Each of them is taken care of by a dedicated team with a thorough knowledge of the specific problems 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 advisor who can be reached by phone, WhatsApp, email or videoconferencing and who speaks the customer's language when necessary;
- Expanded hours.

BRED Espace's website was completely redesigned in 2022 to better reflect BRED Espace's identity and value proposition.

CONSOLIDATED INCOME STATEMENT: KEY FIGURES

Accounting and management presentation, IFRS

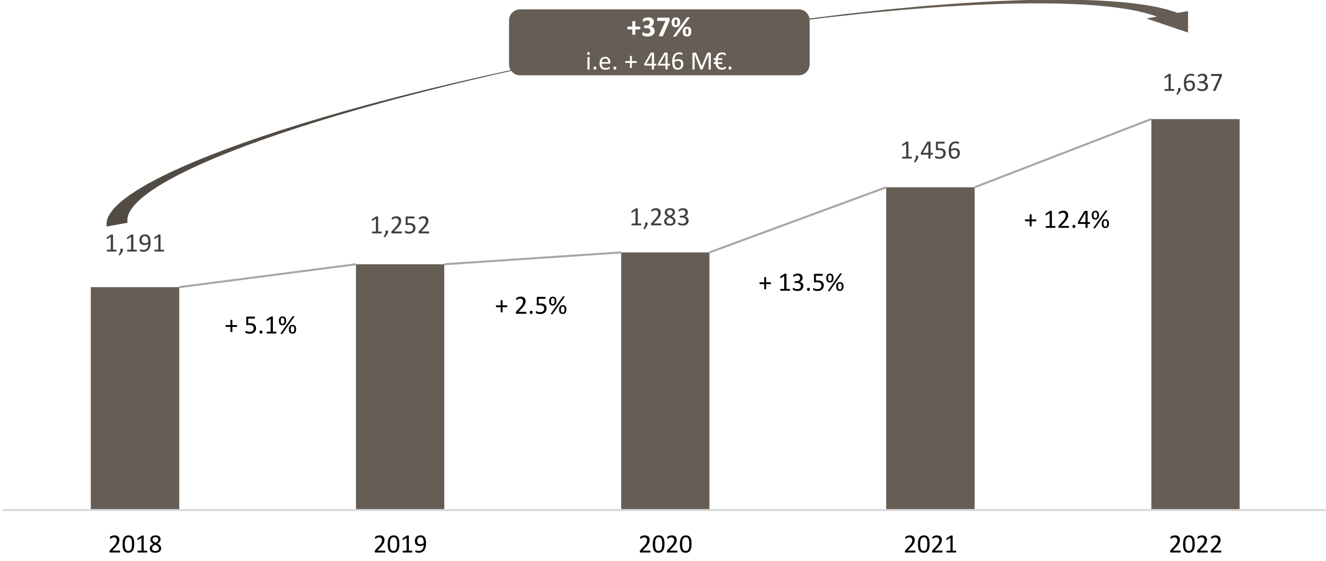
In € m	Consolidated income statement 2021	2022	2022-2021	2021	2022	2022-2021
				Excluding non-recurring items*.		
Net interest margin and other	949.2	1,059.0	+11.6%			
Net commissions	527.2	585.3	+11.0%			
Income and expenses from other activities	-20.3	-7.5	-63 .1%			
Net banking income	1,456.1	1,636.8	+12.4%	1,464.5	1,635.7	+11.7%
Personnel costs	-482.3	-527.3	+9.3%			
External services - excluding BPCE contribution	-160.7	-179.6	+11.7%			
Taxes - excluding UIF	-30.8	-42.1	+36.6%			
Lease expenses (IFRS 16 view)	-28.9	-29.6	+2.5%			
Depreciation and amortization, excluding leases	-46.8	-46.1	-1.4%			
Operating expenses excluding FRU and BPCE contribution	-749.5	-824.7	+10.0%	-758.0	-823.0	+8.6%
Single Resolution Fund (SRF)	-27.7	-32.5	+17.3%			
BPCE contribution	-25.7	-29.0	+12.8%			
Charges	-802.9	-886.2	+10.4%	-811.5	-884.5	+9.0%
Gross operating income	653.2	750.7	+14.9%	653.0	751.2	+15.0%
Operating ratio	55.1%	54.1%	-1.0 pt	55.4%	54.1%	-1.3 pt
Cost of risk on performing loans (strata 1 and 2)	*-34.2*	*-5.4*	*-84.3%*			
Cost of risk on impaired loans (stratum 3)	*-89.9*	*-102.9*	*14.5%*			
Cost of risk	-124.1	-108.3	-12.8%	-124.8	-108.3	-13.2%
Operating result	529.0	642.4	21.4%	528.2	642.9	+21.7%
Share of net income of companies accounted for by the equity method	26.9	26.1	-3.1%			
Gains or losses on other assets and changes in value of goodwill	0.7	1.1	+57.7%			
Income before tax	556.7	669.6	+20.3%	555.4	672.6	+21.1%
Income taxes	-142.3	-152.7	+7.4%			
Net income	414.4	516.9	+24.7%	413.3	519.7	+25.8%
Minority interests	-2.0	-9.4	NS			
Net income, group share	412.4	507.4	+23.0%	410.8	510.3	+24.2%

**Excluding non-recurring items and on a pro forma basis for the full consolidation of SBE (fully consolidated since 2022).*

For the tenth consecutive year, BRED's consolidated net banking income rose by €181 million year-on-year to €1,637 million (+12.4%). Adjusted for non-recurring items and on a pro forma basis, NBI growth came to 11.7%, a figure that confirms the BRED Group's strategic choices.

Growth in BRED's consolidated net banking income

(in millions of euros)



This remarkable growth in NBI was driven by all business lines and in particular by commercial banking in France, BRED's core business, which recorded an 8.3% increase in NBI (excluding non-recurring items).

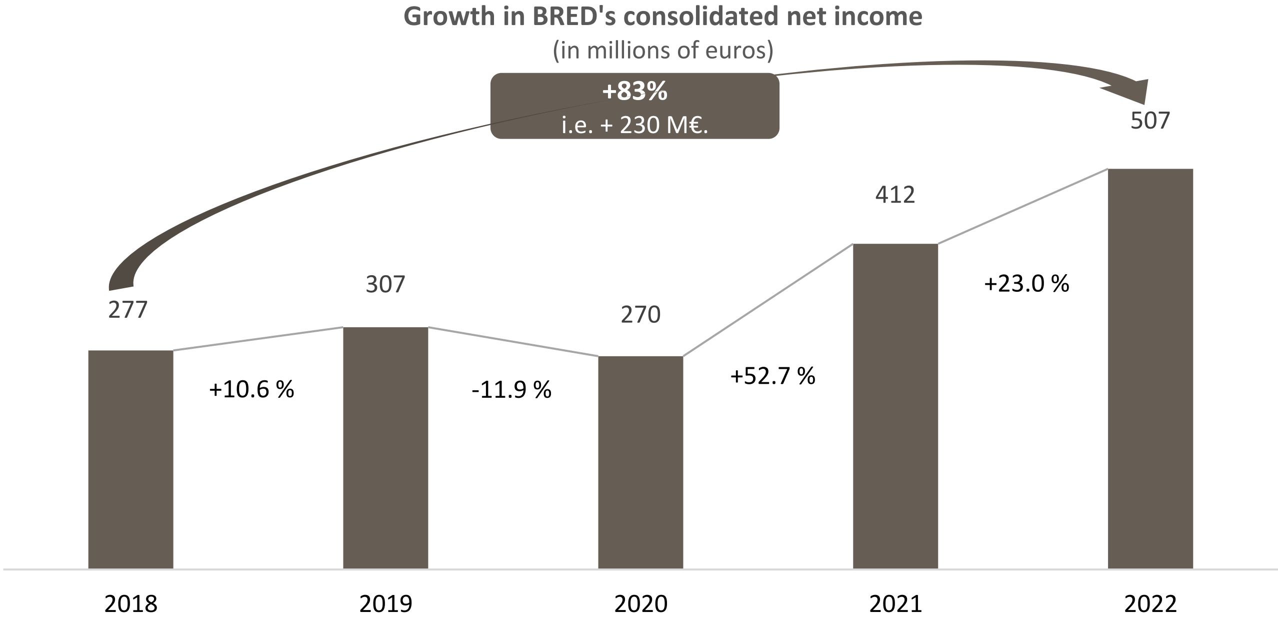
The International Banking and COM division reported a 32.9% increase in NBI at constant exchange rates (excluding non-recurring items). It benefited from excellent performances with strong growth in its commercial banking business in Southeast Asia, the South Pacific and the Horn of Africa. Its Geneva-based subsidiary BIC BRED Suisse, which specializes in international trade finance, also recorded very good results and continued its development by setting up operations in Dubai.

Market activities maintained a very good level of earnings this year and contributed 10% of the BRED Group's NBI. Last December, BRED's dealing room was recognized as the best bank for placing the short-term debt of major European issuers with global investors through three CMDportal *Money Markets Awards*. After a remarkable year in 2021, consolidated investment management was able to renew a very high level of NBI (€122.5m).

Operating expenses rose by 9.4%, adjusted for the increase in variable compensation, in line with the continued growth in results. This reflects ongoing investment in information systems and operational efficiency, as well as employee recruitment and training. The strong development of international subsidiaries is also a factor in the growth of Group operating expenses. Total operating expenses increased by 10.4%.

The cost of risk was €108.3 million, down 12.8%, despite a slight increase in defaults at the end of the year.

BRED Group set a new record in 2022 with net income up 23.0% to €507.4 million, and €510.3 million adjusted for non-recurring items (+24.2%).



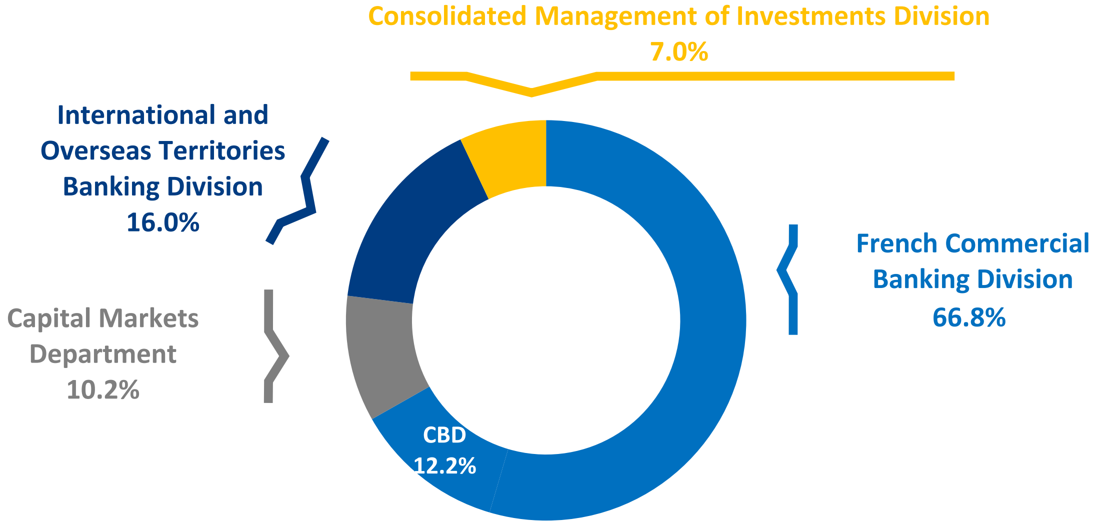
ANALYTICAL PRESENTATION OF RESULTS

The group, which is made up of BRED and its subsidiaries, is organized 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 business division to the BRED Group's consolidated net banking income under IFRS is presented below, after restatement of non-recurring items. The NBI of subsidiaries and holdings is treated here according to the percentage of control, irrespective of the accounting method used.

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



COMMERCIAL BANKING FRANCE

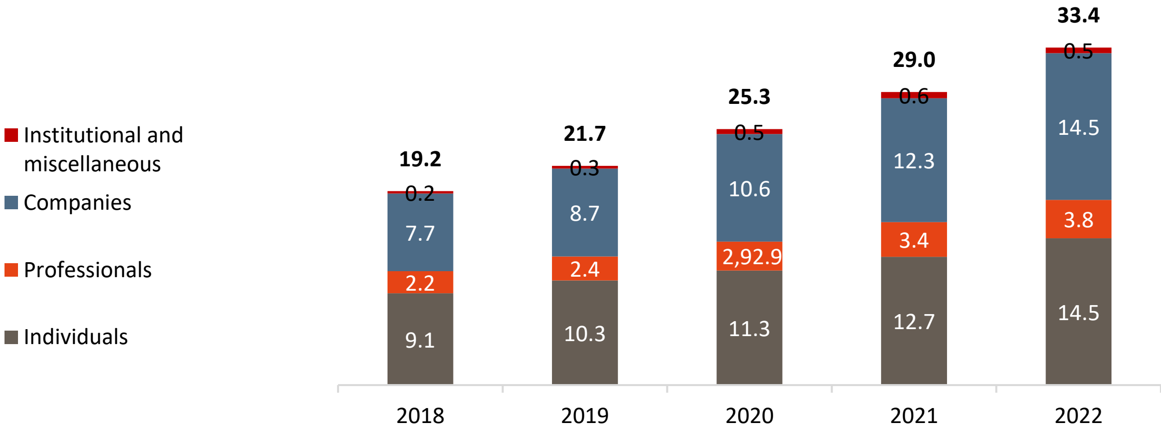
Income statement, management view, excluding non-recurring items and excluding reallocation of BPCE fees

In € m	2021	2022	2022 vs. 2021
Net interest margin and other	569.3	599.2	5.2%
Fee income	507.4	554.4	9.3%
Other income and expenses from operations	-2.1	10.7	NS
Net banking income	1,074.6	1,164.2	8.3%
Operating expenses	-613.7	-656.6	7.0%
Gross operating Profit	460.9	507.6	10.1%
Cost of risk on performing loans	-21.3	-6.6	-69.2%
Cost of risk on impaired loans	-85.5	-99.6	16.4%
Current income before tax	354.1	401.5	13.4%

At the end of 2022, BRED's French commercial banking network had 333 sites (branches, asset management centres and business centres).

The French Commercial Banking division includes the activities of the Corporate Banking division and the subsidiaries whose businesses are related to commercial banking (insurance, personal protection funds, asset management, etc.).

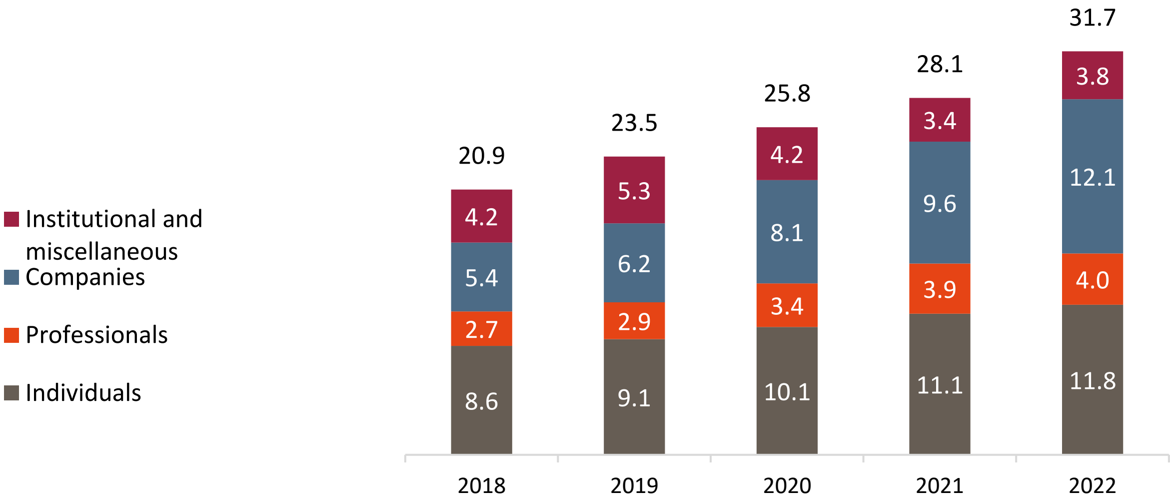
(in billions of euros, annual average value)
Excluding financial customers



Commercial Banking application of funds – France and French subsidiaries

Outstanding loans rose by 15% over the year to €33.4 billion, with growth driven in particular by home and equipment loans.

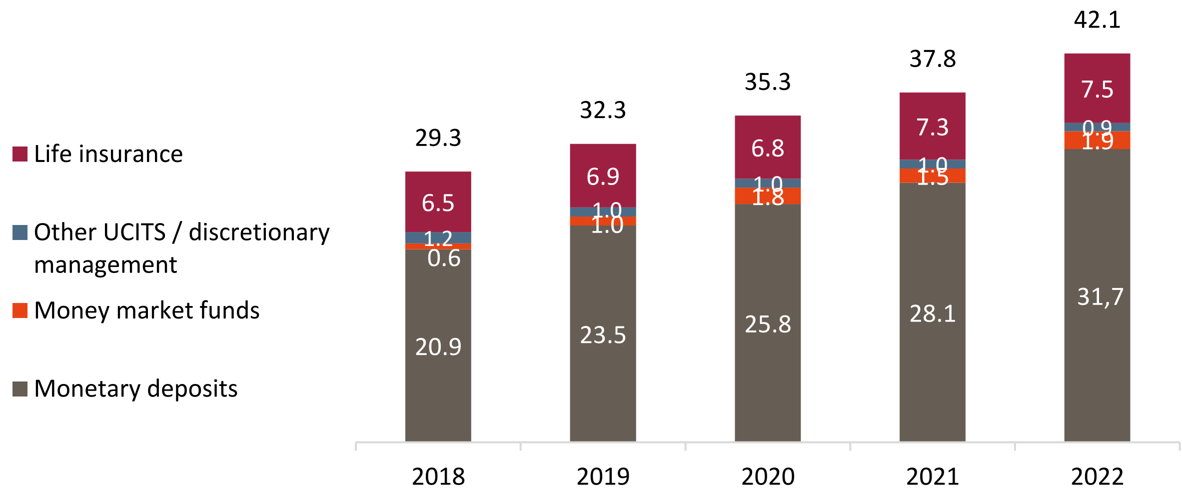
Deposits of the French Commercial Bank and its subsidiaries
(in billions of euros, annual average value)
Excluding financial customers



Cash deposits received from commercial banking customers in France amounted to €31.7 billion, up 13%, driven mainly by significant inflows from corporate customers (+€2.5 billion) and individuals (+€0.7 billion).

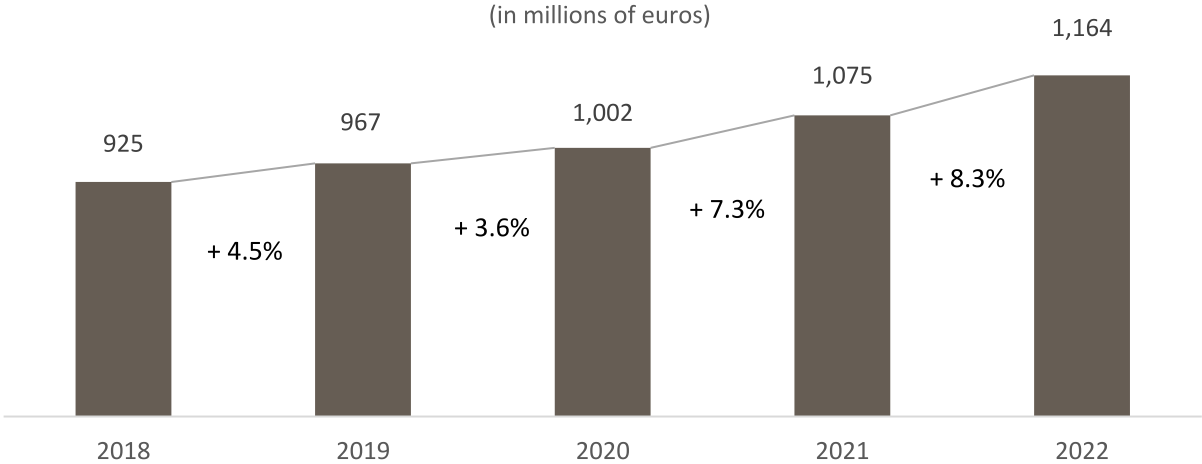
Life insurance assets amounted to €7.5 billion, including €1.5 billion outside BRED Group, up 4% over the period.

Customer resources of the French commercial bank and its subsidiaries
(in billions of euros, average annual value*)
Excluding financial customers



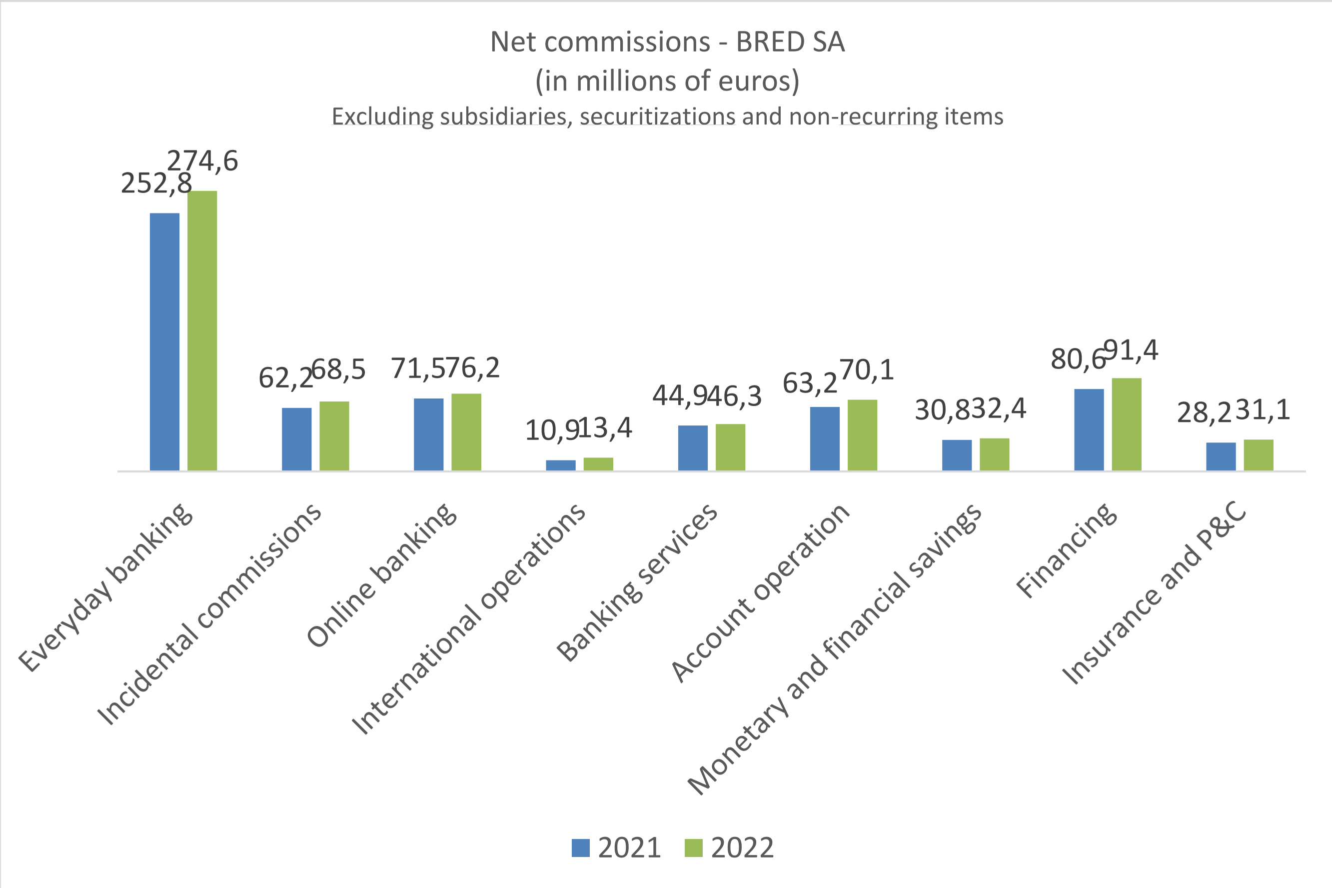
**Excluding mutual fund and life insurance assets, at end of period value*

Growth in French Commercial Banking NBI (including ALM) excluding non-recurring items
(in millions of euros)



Excluding non-recurring items, the net banking income of Commercial Banking France, rose by 8.3%. Net interest margin (NIM) rose by 5% thanks to a €78 million volume effect offsetting a €48 million negative interest rate effect.

The 9% increase in commissions reflects the success of the 100% advisory bank model, with strong growth in customer equipment and higher commissions on financing.



Excluding non-recurring items, expenses for the French Commercial Banking division rose by 7.0%, driven in particular by the increase in variable compensation resulting from the improvement in results.

At €106.1 million, the cost of risk is stable (€106.8 million in 2021).

Income from ordinary activities before tax amounted to €401.5 million, up 13.4%.

The summary income statements of the main subsidiaries of the French Commercial Banking division are presented below without restatement for non-recurring items.

Results of the main French subsidiaries and controlled entities :

Prépar Vie (wholly-owned subsidiary)

Life insurance and personal protection

Income statement: IFRS accounting view

In € m	2021	2022	2022 vs 2021
Net banking income	54.7	61.9	13%
Operating expenses	-25.1	-30.8	22%
Gross operating Profit	29.6	31.2	5%
Corporate income tax	-8.6	-8.1	-7%
Net income	20.9	23.1	10%

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

In 2022, Prépar Vie's NBI amounted to €61.9 million at the end of December 2022, up 13% compared to 2021, due to higher margins on the Euro Growth Fund (+€2.2 million) and on provident products (+€1.6 million), as well as to capital gains, including €1.1 million on the sale of the Tour Franklin building.

The increase in expenses is in line with the development plan and is linked to the major IT and regulatory projects underway, as well as to the cost of transferring the head office.

Net income amounted to €23.1 million, up 10%.

Prépar P&C (wholly-owned subsidiary)

Non-life insurance

Income statement: IFRS accounting view

In € m	2021	2022	2022 vs 2021
Net banking income	12.1	11.7	-3%
Operating expenses	-2.6	-3.2	22%
Gross operating Profit	9.4	8.4	-10%
Corporate income tax	-2.5	-2.2	-10%
Net income	6.9	6.2	-11%

Prépar P&C has a portfolio of more than 1,475,000 policies at the end of 2022, covering mainly health, financial loss and accidental death.

Prépar IARD has positioned itself in the individual health sector since 2017, with several partners. This business is growing strongly (earned premiums increased by + €4.9m), but is largely reinsured, and involves high acquisition costs, amortized over several years. The year 2021 recorded a significant deferred acquisition cost income of + 5.6 M€, while the year 2022 recorded a charge on this variation for - 1.0 M€, while the claims charge decreased by + 0.7 M€.

The increase in overheads is mainly due to an increase in taxes and investments that allow the company to support its development.

Net income was €6.2 million, down 11%.

Promepar Asset Management (wholly-owned subsidiary)

Asset management

Income statement: IFRS accounting view

In € m	2021	2022	2022 vs 2021
Net banking income	16.0	14.8	-7%
Operating expenses	-8.2	-9.2	13%
Gross operating Profit	7.8	5.6	-28%
Corporate income tax	-2.1	-1.5	-30%
Net income	5.7	4.1	-28%

A centre of expertise in asset management, Promepar Asset Management offers investment solutions through open-ended funds, bespoke funds or mandates (securities accounts, PEAs, life insurance contracts, SRI solutions). It provides its expertise to BRED advisers and its institutional customers, companies, associations and private customers.

The portfolio of assets under management amounted to €2.483 billion at the end of 2022, stable over the year in a complex market environment, and with annual net inflows of €162 million.

2022 was a good year for Promepar Asset Management, with good commercial and management successes, and with investments and performance fees still present but more moderate this year.
Net income was €4.05 million.

In 2022, Promepar Asset Management launched a new advisory management activity.

Sofider (wholly-owned subsidiary)

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

Income statement: IFRS accounting view

In € m	2021	2022	2022 vs 2021
Net banking income	21.3	23.5	10%
Operating expenses	-7.9	-8.2	4%
Gross operating Profit	13.4	15.3	14%
Cost of risk	1.7	-0.7	-144%
Net operating income	15.1	14.6	-3%
Corporate income tax	-4.0	-3.5	-11%
Net income	11.1	11.0	-1%

Sofider, a major player in financing in Reunion Island, is present in all forms of housing financing, including social home ownership, and also offers a range of personal loans. Sofider is committed to working alongside Réunionese companies and has developed expertise in supporting social housing operators, regional development and local authorities, as well as real-estate professionals. For several years now, Sofider has also been building its expertise in the field of auto loans via its brand "SOFIDER AUTO". In 2022, SOFIDER launched a new activity, in-store consumer credit: "Chrono credit".

Disbursements have been particularly dynamic in 2022. This is a new record for Sofider with €254 million disbursed in 2022 (+7% compared to 2021). Its outstanding healthy balance sheet loans increased by 11.8% to €1.2 billion.

In this context, Sofider achieved a very high-quality year year in 2022, notably thanks to a 13% increase in its Net Interest Margin (NIM). Gross Operating Income (GOI) was up 14% to €15.3 million.

The level of risk costs returned to a more normal profile, with an allocation of €0.7 million compared with a net reversal of €1.7 million in 2021.

Thus, net income was stable at €11.0 million compared to €11.1 million in 2021.

BRED Cofilease (wholly-owned subsidiary)

Finance lease

Income statement: IFRS accounting view

In € m	2021	2022	2022 vs 2021
Net banking income	7.7	8.3	7%
Operating expenses	-2.5	-3.4	36%
Gross operating Profit	5.3	4.9	-7%
Cost of risk	-1.7	-1.6	-10%
Net operating income	3.5	3.3	-6%
Corporate income tax	-1.0	-0.9	-12%
Net income	2.5	2.5	-3%

BRED Cofilease's production in 2022 reached a record level of €138.3 million, an increase of 35% compared to 2021.

Net banking income rose by 7% thanks to a remarkable improvement in the net interest margin, despite a sharp rise in refinancing costs.

Overall operating expenses increased by 36%, mainly due to investments in the Easy-Lease instruction tool.

The cost of risk fell slightly, reflecting the reversal of the Covid-19 provision and the reversal of the provision for risks in Antilles/Guyane, which was partly offset by an exceptional charge for inflation-related risks.

The overall net result amounted to €2.5 million and is stable compared to 2021.

SBE (50% owned subsidiary)

Retail Banking

Income statement: IFRS accounting view

In € m	2021	2022	2022 vs 2021
Net banking income	11.6	11.8	2%
Operating expenses	-9.5	-9.1	-4%
Gross operating Profit	2.1	2.7	29%
Cost of risk	-0.6	-0.8	22%
Net operating income	1.4	1.9	33%
Corporate income tax	-0.5	-0.5	-5%
Net income	0.9	1,4	53%

SBE has been a specialist in banking services for large caps in France since 1988. It offers all banking and insurance services for private individuals and associations: financing, asset management, financial investments, property and life insurance.

SBE's NBI increased by 2%, driven by MNI, which benefited from the growth in outstandings, notably linked to the strong production of real estate loans in 2022, and from a reduction in hedging costs in a context of rising interest rates.

Operating expenses were down by 4%, following savings generated by the relocation of the headquarters and work to optimize the workforce.

The cost of risk, which rose very slightly, remained under control.

As a result, net income at the end of December 2022 was €1.4 million, up more than 53%.

INTERNATIONAL AND OVERSEAS TERRITORIES BANKING

Income statement: management view, excluding non-recurring items and excluding reallocation of BPCE fees, IFRS

In € m	2021	2022	2022 vs 2021
Net banking income	122.6	171.6	40.0%
Operating expenses	-85.3	-101.8	19.4%
Gross operating Profit	37.3	69.8	87.1%
Cost of risk on performing loans	-13.1	1.5	NS
Cost of risk on impaired loans	-5.1	-3.2	-37.8%
Net operating income	19.0	68.1	NS
Share of profit (loss) of companies accounted for under the equity method	30.0	36.0	20.2%
Current income before tax	49.0	104.1	112.4%

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. BIC BRED is active in international financing in regions of interest to BRED, in particular in the areas where its subsidiaries are located.
- 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

The year 2022 was marked by very strong growth in all subsidiaries and activities, despite the sometimes late reopening of borders for some countries. Net banking income rose sharply by 40.0% to €171.6 million.

Expenses were up 19.4%, reflecting the investment phase in the business, particularly in recent locations that require IT developments and are expanding their branch network.

The cost of risk on impaired loans was particularly tight, at a very low level of €3.2 million, down 37.8%. The cost of risk on performing loans was virtually nil (€1.5 million reversal).

Income from equity affiliates increased by €6 million.

In total, the division's pre-tax income from ordinary activities amounted to €104.1 million, up 112.4%.

In 2023, the main challenge will remain to gain market share in territories where subsidiaries are not yet leaders, thanks in particular to a quality of service equivalent to the best international standards. The rise in the rates of the major currencies, coupled with the end of quantitative easing programs, will necessarily have an impact, to a greater or lesser extent depending on the local situation in the countries where the subsidiaries are located. The reopening of borders should also have its full effect in 2023 on the economies most exposed to the tourism sector.

Oceania
Banque Calédonienne d'Investissement (49.9% owned subsidiary)

Income statement: accounting presentation, IFRS standards, constant exchange rate

In m XPF	2021	2022	2022 vs 2021
Net banking income	11,461.5	12,671.7	11%
Operating expenses	-5,665.0	-5,952.5	5%
Gross operating Profit	5,796.5	6,719.2	16%
Cost of risk	-1,315.0	-1,397.4	6%
Net operating income	4,481.5	5,321.8	19%
Other Items	-0.3	-0.2	-28%
Current income before taxes	4,481.1	5,321.5	19%
Corporate income tax	-1,831.2	-2,226.9	22%
Net income	2,650.0	3,094.6	17%
Net income at constant exchange rates (in M€)	22.2	25.9	17%

At the end of the 3 referendums on self-determination and in a context of exit from Covid, New Caledonia's economy was impacted by the inflationary trend following the conflict in Ukraine and the various difficulties encountered by the 3 metallurgical plants in the nickel sector. In this particular context, the Banque Calédonienne d'Investissement nevertheless had a very good year, both in terms of the development of its business and its activity and in terms of the growth of its results.

NBI rose by 11%, driven by a strong increase in NIM after a return to positive cash flow, also driven by growth in outstanding loans and a reduction in the cost of funds.

At the same time, operating expenses increased by 5%, lowering the cost/income ratio to 47%.

The cost of risk increased by 6%, taking into account the economic situation in the region in a prudent manner.

Net income amounted to €25.9 million, up 17%.

BRED Vanuatu (85% owned subsidiary)

Income statement: accounting view, IFRS, constant exchange rate (average rate 2022)

In m VUV	2021	2022	2022 vs 2021
Net banking income	1,883.5	2,176.4	16%
Operating expenses	-1,083.4	-1,221.0	13%
Gross operating Profit	800.1	955.4	19%
Cost of risk	-255.8	-102.3	-60%
Net operating income	544.2	853.1	57%
Other Items	0.1	2.3	NS
Net income	544.4	855.4	57%
Net income at constant exchange rates (in M€)	4.4	7.0	57%

The reopening of the borders in July 2022 led to a revival of economic activity in Vanuatu, which benefited almost all sectors. Created in 2008, BRED in Vanuatu has largely benefited from this dynamic and inaugurated its third branch in September 2022.

It consolidated its position as the leading bank in Vanuatu in terms of outstanding loans. Its loan market share reached an all-time high of 38.7% at 31 December 2022. The bank also strengthened its position in deposits, increasing its deposit market share to 27.9% as of December 31, 2022.

Thus, for the year 2022, the bank achieved its best performance since its creation with a net income of €7.0 million compared to €4.4 million for the year 2021.

BRED Bank Salomon (BRED Vanuatu branch)

Income statement: accounting view, IFRS, constant exchange rate (average rate 2022)

in m SBD	2021	2022	2022 vs 2021
Net banking income	53.8	70.0	30%
Operating expenses	-39.9	-48.0	20%
Gross operating Profit	13.9	22.0	58%
Cost of risk	-22.6	9.0	NS
Net operating income	-8.7	30.9	NS
Corporate income tax	-2.0	4.7	NS
Net income	-10.8	35.6	NS
Net income at constant exchange rates (in M€)	-1.3	4.2	NS

BRED Solomon (BBS) was inaugurated in 2018. BBS is technically a branch of BRED Vanuatu Limited (BVL), while in the Solomon Islands it is a bank in its own right, operating independently of BVL. After the opening of a second branch in 2021, BBS continued its strong growth momentum in 2022, with a 19% increase in the number of customers and a 30% increase in its NBI. Gross operating income was up 58%.

With 86 employees at the end of 2022, market share increased by 3% in both loans and deposits, reaching respectively 27.8% and 18.0% at the end of 2022.

At 31 December 2022, BRED Salomon's net banking income amounted to €8.1 million for a net profit of €4.2 million.

BRED Bank Fiji (90% owned subsidiary)

Income statement: accounting view, IFRS, constant exchange rate (average rate 2022)

in m FJD	2021	2022	2022 vs 2021
Net banking income	36.9	53.7	46%
Operating expenses	-25.0	-26.7	7%
Gross operating Profit	11.9	27.1	127%
Cost of risk	-10.5	-1.1	-89%
Net operating income	1.4	26.0	NS
Other elements	0.0	-1.2	NS
Current income before taxes	1.4	24.8	NS
Corporate income tax	1.9	-5.2	NS
Net income	3.3	19.6	NS
Net income at constant exchange rates (in M€)	1.5	8.5	NS

Created at the end of 2012, BRED Bank Fiji has 6 branches (and a kiosk) with a portfolio of 40,000 individual, professional and corporate customers. Its market share reached 12.9% in December 2022, compared to 10.4% in December 2021.

The loan portfolio continued to grow significantly, reaching €425 million (+36%), while customer deposits reached €475 million (+40%).

Thanks to a surge in outstanding loans and impressive gains in the foreign exchange sector (up 64%), our net banking income increased by an impressive 46%. Our operating expenses rose modestly by 7%, resulting in a gross operating income that more than doubled to €11.7 million.

The cost of risk fell considerably to €0.48 million due to the reversal of collective provisions set up during the health crisis, and to the successful outcome of a legal case.

The net result was a profit of €8.5 million, an increase of €7.0 million compared to the previous year.

Southeast Asia

Banque Franco Lao (70% owned subsidiary)

Income statement: accounting view, IFRS, constant exchange rate (average rate 2022)

in m KIP	2021	2022	2022 vs 2021
Net banking income	119,811.5	171,985.0	44%
Operating expenses	-74,502.6	-91,205.5	22%
Gross operating Profit	45,309.0	80,779.5	78%
Cost of risk	-38,841.1	-39,389.4	1%
Net operating income	6,467.9	41,390.1	NS
Other Items	-558.3	-113.6	-80%
Current income before taxes	5,909.5	41,276.5	NS
Corporate income tax	7,890.9	-1,318.5	-117%
Net income	13,800.4	39,958.0	NS
Net income at constant exchange rates (in M€)	0.9	2.7	NS

2022 was meant to bring economic recovery from the pandemic, but instead posed numerous challenges to countries worldwide. The aftermath of the pandemic, coupled with the war in Ukraine, led to record inflation and energy supply issues.

Unfortunately, Laos was not exempt from these problems and faced an inflation rate of 39.27% and a significant devaluation of their local currency, which dropped by 54.4% against the USD in 2022. As a result, the country's growth remained stagnant at 2.2%, comparable to the previous year.

However, it's worth noting that the end of global travel restrictions had a positive impact on Laos. The country witnessed a resurgence in its economy, with a surge in tourism primarily during the last quarter of 2022. Furthermore, the recent announcement of China's reopening in early 2023 is expected to foster a robust revival of trade and tourism next year.

During this period, Banque Franco Lao (BFL) continued to support the local economy by financing more investments mainly in the first half of 2022. The Bank's loan production was up compared to 2021 in line with its business development ambitions in all its markets. Given the structure of its client portfolio, BFL generated significant foreign exchange gains following the devaluation of the local currency, which were partially offset by an increase in the impact of its expenses paid in foreign currency.

Overall, despite a disrupted context, the cost/income ratio improved from 62% in 2021 to 53% in 2022. The profit for the year 2021 was multiplied by 3 and reached 2.7 M€ against 0.9 M€.

BRED Bank Cambodia (wholly-owned subsidiary)

Income statement: accounting view, IFRS, constant exchange rate (average rate 2022)

in m USD	2021	2022	2022 vs 2021
Net banking income	17.1	20.2	18%
Operating expenses	-15.0	-19.0	27%
Gross operating Profit	2.1	1.2	-43%
Cost of risk	-0.6	0.5	NS
Net operating income	1.5	1.7	13%
Corporate income tax	-1.1	-0.9	-19%
Net income	0.4	0.8	109%
Net income at constant exchange rates (in M€)	0.4	0.7	109%

On the health front, Cambodia is gradually recovering from the crisis that struck in 2022. This improvement has had a significant impact on economic development, with growth projected to exceed 5% in 2022 after a positive growth rate of 2.2% in 2021, following a negative growth rate of -3.1% in 2020. For 2023, experts forecast a rebound of 6.3%, which is close to the pre-Covid average of 7% and positions Cambodia as the second top country in the world in terms of recovery from the health crisis. The recovery is being driven by the manufacturing sector, particularly garment manufacturing, and the agricultural sector, which is recovering more slowly. The tourism industry, which accounted for almost 20% of GDP in 2019, is expected to make a significant comeback in 2023.

In this context, which remained difficult in certain sectors in 2022, BRED Bank Cambodia continued to expand more rapidly than the banking sector, whose development remains solid. The customer portfolio grew by 35% in one year and the Bank's outstanding loans increased by 39% to $543 million. The Bank continued to support businesses in sectors that are still in difficulty (especially tourism). At the same time, deposits increased by 14% to $400 million. As a result, NBI rose significantly again in 2022, by 18%. Expenses, on the other hand, were up 27% in line with the investments planned for the development of the branch network and the product offering. After reaching breakeven in 2021, the Bank doubled its net income in 2022.

Horn of Africa
BCI Mer Rouge (51% owned subsidiary)
Income statement: accounting view, IFRS, constant exchange rate (average rate 2022)

in m DJF	2021	2022	2022 vs 2021
Net banking income	4,387.8	5,291.8	21%
Operating expenses	-3,395.4	-3,478.5	2%
Gross operating Profit	992.4	1,813.4	83%
Cost of risk	-1,142.5	995.7	NS
Net operating income	-150.1	2,809.1	NS
Other elements	1.4	4.3	NS
Pre-tax profit on ordinary activities	-148.8	2,813.4	NS
Corporate income tax	48.9	-760.6	NS
Net income	-99.9	2,052.7	NS
Net income at constant exchange rates (in M€)	-0.5	10.9	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 plays a major role in financing the Djiboutian economy, accounting for about 25% of the banking market. BCI MR is the leading bank for infrastructure projects and large companies in the country. In 2022, the bank continued its digital transformation to better serve and offer its customers a tailored service. The deployment of the new 100% advisory sales organization also continued within the sales network.

NBI rose sharply (+21%) thanks to the recovery in commercial activities but also to the increase in the dollar investment rate of the bank's surplus funds.

Operating expenses rose by 2% and remained under control in current activities. The slightly positive change in these expenses was largely due to expenditure linked to investments in the bank's development, particularly in connection with the migration of the information system to a more recent version.

The decrease in non-performing loans and a better organized and more efficient collection system, which allowed for significant recoveries, enabled BCI MR to have a positive cost of risk for the first time in its history.

As a result, net income was largely positive this year, at €10.9 million.

Europe

BIC BRED Switzerland (wholly-owned subsidiary)

Income statement: accounting view, IFRS, constant exchange rate (average rate 2022)

In m CHF	2021	2022	2022 vs 2021
Net banking income	31.3	43.3	39%
Operating expenses	-17.8	-21.4	20%
Gross operating Profit	13.5	22.0	63%
Cost of risk	-0.3	-1.5	NS
Net operating income	13.2	20.5	55%
Corporate income tax	-2.2	-3.3	51%
Net income	11.0	17.2	56%
Net income at constant exchange rates (in M€)	11.0	17.1	56%

BIC BRED Suisse is a key player in the international trade finance market. In 2022, BIC BRED Suisse's client portfolio grew by almost 15%.

Despite the geopolitical environment and the turmoil in the commodities markets, the bank managed to maintain a very high growth rate in its NBI (+ 39%).

Expenses continued to rise steadily (+20%) to support the strong growth in business and the opening of the Dubai branch in July.

The cost/income ratio improved by seven points to a very good level of 49%.

Gross operating income and net income increased by 63% and 56% respectively compared to 2021.

BIC BRED (wholly-owned subsidiary)

Income statement: accounting view, IFRS standards

In € m	2021	2022	2022 vs 2021
Net banking income	3.0	5.1	70%
Operating expenses	-1.0	-1.0	-4%
Gross operating Profit	2.0	4.1	109%
Cost of risk	-0.6	-2.9	NS
Net operating income	1.4	1.2	-14%
Corporate income tax	-0.2	0.6	NS
Net income	1.3	1.8	44%

BIC BRED Paris met its development objectives, with loan production of €92 million and geographic and sectoral diversification of its portfolio of replacements, which reached €185 million at the end of 2022.

The “Garantie Habitat“ production continued to decline, in line with the tightening of eligibility parameters. The stock fell by 3.3% to €819 million at the end of the period.

Net banking income increased by €2.1 million, or 70% compared to the previous year, and operating expenses, at €1 million, were in line with budgets.

The €2.3 million increase in the cost of risk was mainly due to the growth of international financing.

Net income rose from €1.3 million to €1.8 million, an increase of 44%.

CAPITAL MARKETS

Income statement: IFRS management view

In € m	2021	2022	2022 vs 2021
Net banking income	140.9	177.3	25.8%
Operating expenses	-67.7	-75.3	11.2%
Gross operating Profit	73.2	102.0	39.3%
Current income before taxes	73.2	102.0	39.3%

The Capital Markets Department posted excellent results in a year 2022 that was much more volatile than 2021. NBI for the year 2022 amounted to € 177.3 million, up sharply (+25.8%) compared to 2021. This performance was largely due to the development of the commercial franchise and increased volumes processed, which, combined with the high volatility of the markets, enabled this significant increase.

Assets held in money-market funds provided to customers reached a new record with more than €125 billion placed at the end of 2022. For the first time, BRED was recognized as the best bank for placing the short-term debt of major European issuers with global investors[1] .

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

Foreign exchange and interest rate activity in connection with the commercial network was also very strong compared to 2021.

[1] *Ranking published by CMDportal.*

CONSOLIDATED MANAGEMENT OF INVESTMENTS

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

In € m	2021	2022	2022 vs 2021
Net banking income	126.3	122.5	-3.0%
Operating expenses	-44.8	-50.8	13.4%
Gross operating Profit	81.5	71.7	-12.0%
Cost of risk on performing loans	-0.1	-0.3	NS
Cost of risk on impaired loans	0.4	-0.2	NS
Share for equity method companies	-3.5	-7.5	NS
Results on fixed assets	0.7	1.1	57.7%
Current income before tax	79.0	64.9	-17.9%

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 from ordinary activities excluding non-recurring items continued to be driven in the first half of 2022 by private equity investments, benefiting from the good traction of the previous year. The strong diversification of the asset base then took over, in particular via infrastructure equity and real estate equity, enabling the Group to sustain the income it captured in the second half of the year. Finally, the portfolio fund invested in ABS helped to bring recurrence to NBI.

Thus, the variation in results between 2021 and 2022 is mainly explained by the lower contribution to performance of private equity assets.

NJR (wholly-owned subsidiary)

Income statement: accounting view, IFRS standards

In € m	2021	2022	2022 vs 2021
Net banking income	12.6	14.5	15%
Operating expenses	-0.9	-1.0	9%
Gross operating Profit	11.6	13.5	16%
Cost of risk	-0.1	-0.3	NS
Current income before taxes	11.6	13.2	14%
Corporate income tax	-2.9	-3.3	14%
Net income	8.7	9.9	13%

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 slightly increased the size of its portfolio in 2022, from €1.8bn to €1.9bn, while maintaining the defensive strategy adopted for many years. The duration of its portfolio remains short at 1.6 years and the average spread increased to 44 points. The portfolio's valuation is now -18 M€, a very slight decrease of 1%, which constitutes a remarkable overperformance compared to other major financial assets.

NBI rose by 15% to €14.5 million, due to the increase in investment volume, higher interest rates and the very good performance of the portfolio.

In total, net income reached €9.9 million.

IRR (wholly-owned subsidiary)

Income statement: accounting view, IFRS standards

In € m	2021	2022	2022 vs 2021
Net banking income	5.7	10.6	86%
Operating expenses	-0.7	-0.5	-32%
Gross operating Profit	5.0	10.1	101%
Cost of risk	0.0	-0.2	NS
Other Items	-3.5	-7.5	112%
Current income before taxes	1.5	2.5	66%
Corporate income tax	-1.2	-1.9	60%
Net income	0.3	0.6	90%

IRR is a Belgian-based subsidiary that manages a portfolio invested in real estate funds.

With the exception of the investment in Aurora, which continues to be subject to additional provisions (€10 million), IRR's real estate portfolio performed remarkably well overall in 2022, with NBI up 86%, driven by fund valuations. The assets of the structure were slightly up and reached €183 million at the end of December, with IRR having subscribed to two new investments in 2022.

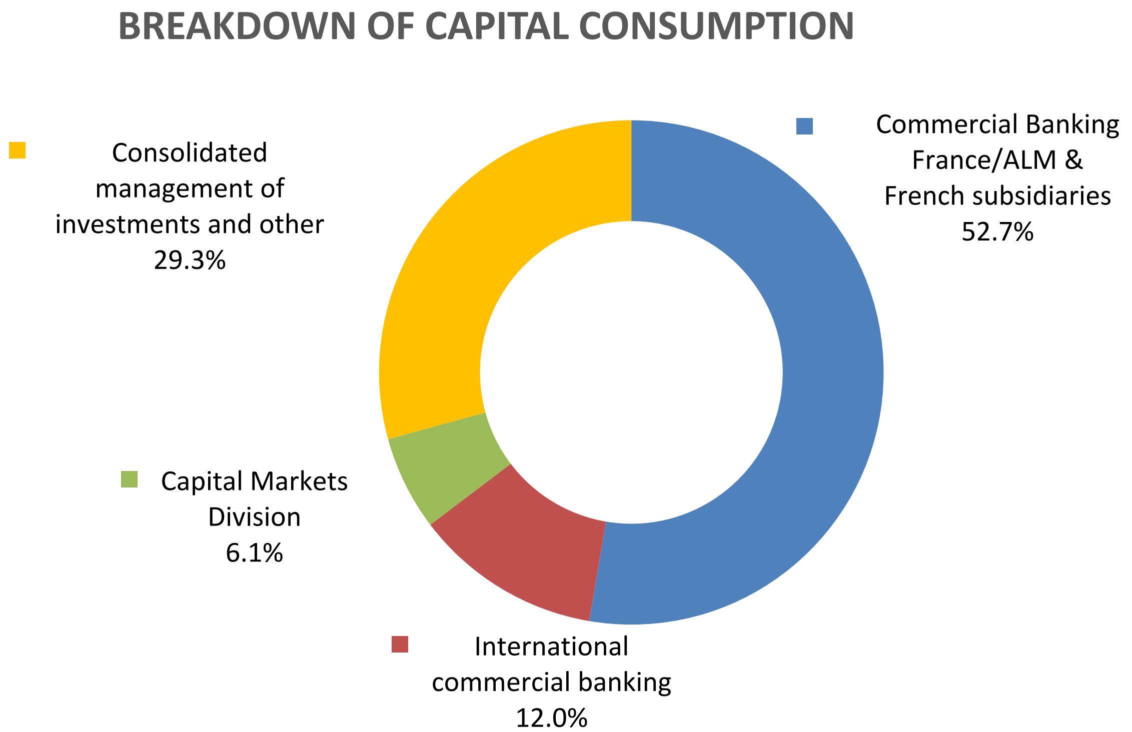
After allocation of structural costs, the net result amounted to 0.6 M€.

RETURN ON EQUITY OF THE BUSINESS DIVISIONS

The BRED group's return on on regulated equity was 10.9% (excluding non-recurring items). The BRED group's net income as a percentage of total equity generated a return of 8.3%.

In € m	Net income[1] 2022	Equity	Return on equity[2]
Commercial banking France[3] and Its subsidiaries	305.0	2,461.4	12.4%
International and Overseas Territories banking[4]	84.9	561.0	15.1%
Capital Markets Division	74.5	283.1	26.3%
Consolidated Management of Investments[5]	45.8	1,367.4	3.3%
Total (Allocated equity)	**510.3**	**4,672.9**	**10.9%**
Unused equity		1,442.9	
Total BRED	**510.3**	**6,115.8**	**8.3%**

(1) Net income, Group share, excluding non-recurring items
(2) Calculated capital requirement as of 12/31/2022
(3) Including ALM
(4) Including international trade finance
(5) Including investment in BPCE



CONSOLIDATED BALANCE SHEET

Assets - IFRS 9

in billions of euros	2021	2022
Cash and amounts due from Central Banks	0.7	33.8
Financial assets at fair value through profit or loss	10.6	8.2
Hedging derivatives	0.1	0.8
Financial assets at fair value in equity	13.8	14.1
Securities at amortized cost	2.2	2.3
Loans and advances to credit institutions and similar entities at amortized cost	12.6	9.2
Loans and advances to customers at amortized cost	34.4	40.9
Revaluation adjustments on interest-rate risk hedged portfolio	0.0	-0.0
Investments from insurance activities	8.9	8.6
Current tax assets	0.0	0.0
Deferred tax assets	0.1	0.4
Accrued income and other assets	1.2	1.1
Deferred profit sharing	-	0.1
Investments in companies accounted for under the equity method	0.4	0.4
Investment property	0.0	0.0
Tangible assets	0.4	0.3
Intangible assets	0.0	0.0
Total assets	85.5	120.3

Liabilities - IFRS 9

in billions of euros	2021	2022
Amounts due to Central Banks	0.0	0.0
Financial liabilities at fair value through profit or loss	2.6	3.4
Hedging derivatives	0.6	0.7
Debt securities	7.3	10.1
Amounts due to credit institutions and customers	19.5	34.3
Amounts due to customers	39.8	56.0
Revaluation adjustments on interest-rate risk hedged portfolio	0.0	0.0
Current tax liabilities	0.0	0.0
Deferred tax liabilities	0.0	0.3
Accrued expenses and other liabilities	1.3	1.1
Liabilities relating to policies in insurance activities	8.4	8.2
Provisions	0.2	0.2
Subordinated debts	0.0	0.0
Shareholders' equity	5.8	6.2
Shareholders' equity, Group share	5.7	6.1
Capital and share premium account	1.5	1.7
Consolidated reserves	3.6	4.0
Gains and losses recognized directly in equity	0.2	-0.1
Income for the period	0.4	0.5
Non-controlling interests	0.0	0.1
Total liabilities	85.5	120.3

The BRED Group's consolidated balance sheet total amounted to €120.3 billion at 31 December 2022, up 41% (€34.8 billion) compared with 31 December 2021.

Deposits at the Central Bank were up by €33 billion compared to 31 December 2021 due to the high level of liquidity available at 31 December 2022.

On the assets side, there was a significant increase in loans and advances to customers at amortized cost, up €5.7 billion, particularly in real estate loans (up 22%, or €3.0 billion), equipment loans (up 19%, or €1.5 billion) and cash facilities (up 17%, or €1.3 billion), in line with the increase in production.
Loans and advances due to credit institutions were stable, while accounts receivable fell by €2.8 billion.
The decrease in asset items at fair value through profit or loss was due to the decline in government securities (€1.4 billion) and equities (€1.3 billion).
Asset items at fair value through equity remain relatively stable.

On the liabilities side, amount due to credit institutions rose sharply (+€10.3 billion) due to the subscription of a loan with BPCE at the end of December 2022 for €10 billion.
Overnight and term loans to financial customers increased by €5.6 billion, while customer sight deposits rose by €6.3 billion and term accounts by €3 billion.

The BRED Group's shareholders' equity amounted to €6,171 million, compared with €5,750 million at 31 December 2021. This change was the result of a €186 million capital increase (including €176 million in share issues and €10 million in capitalized reserves), the integration of earnings and the change in unrealized capital gains and losses. Minority interests amounted to €55 million at 31 December 2022 (up €18 million compared to 2021).
Taking into account the consolidated result for fiscal year 2022 of €507.4 million and total assets of €120.3 billion, the return on assets ratio amounted to 0.42%.

SOLVENCY AND LIQUIDITY

Shareholders' equity and prudential 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 1 stJanuary 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

These different levels of solvency ratio indicate the capacity of the institution to face the risks generated by its activities. It relates the different levels of equity capital to a measure of its risks.

Credit institutions are required to meet the following minimum ratio levels:
-Capital ratios before buffers: since 2015, the minimum core tier 1 capital ratio (CET1 ratio) is 4.5%. Similarly, the minimum Tier 1 capital ratio (T1 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 specific countercyclical buffer is equal to a weighted average of the buffers defined for each country in which the institution is located, based on its exposure at default (EAD). The rate for France's countercyclical buffer, set by the High Council for Financial Stability, is 0% for 2022.
- The specific countercyclical buffer rate applicable to BRED is 0.02% at 31 December 2022.
- For the year 2022, the minimum capital ratios to follow are 7.02% for the CET1 ratio, 8.52% for the Tier 1 ratio and 10.52% for the overall establishment ratio.

Responsibility in terms of solvency

First, as a credit institution, Bred is responsible for its solvency level, 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 2022, the Bred Group's total equity amounted to EUR 5,310.0 million.

In € m	2021 Basel 3 phased	2022 Basel 3 (1)
Capital and related premiums (2)	1,503.3	1,688.9
Consolidated reserves (2)	3,606.8	4,000.3
IAS/IFRS impact on retained earnings	190.7	-80.9
Net income for the year	412.4	507.4
Proposed distribution of dividends	-17.6	-42.0
Consolidated equity	**5,695.8**	**6,073.8**
Intangible fixed assets and other deductions	-35.1	-42.0
Equity instruments held in financial sector entities to be deducted from CET1	-531.1	-366.1
Negative difference between provisions and expected losses as per Basel III prudential calculations	-32.3	-70.5
Additional value adjustments in respect of prudent measurement of the trading portfolio’s positions	-42.7	-60.4
Irrevocable Payment Undertakings (IPA)	0.0	-44.1
Impact backstop pillar 1	-0.8	-6.7
Impact backstop pillar 2	-22.4	-45.1
Goodwill on major investments	-17.8	-17.8
Minority interests included in consolidated Tier 1 capital	0.0	11.1
AT1 deduction items exceeding AT1 equity	-83.1	-111.5
Other adjustments on deductions	-2.1	-41.1
Common Equity Tier I (CET1)	**4,928.3**	**5,279.6**
Additional category 1 instruments (AT1)	**0.0**	**0.0**
Tier 2 capital before deductions	**0.0**	**0.0**
Equity instruments held in financial sector entities to be deducted from Tier 2	-2.3	-3.1
Positive difference between accounting provisions and expected losses according to Basel 3 prudential calculations	68.9	33.5
Other adjustments (3)	0.5	0.0
Tier 2 capital	**67.1**	**30.4**
Total prudential equity	**4,995.4**	**5,310.0**

(1) *The "phase-in/phase-out" phase is over, so the ratio is no longer phased since 1st January 2022.*
(2) *Share premiums have been reclassified on the capital and share premiums line for 7.5 M€.*
(3) *The asset maintenance clause: certain instruments are no longer eligible as capital due to the entry into force of the new regulations. with the asset maintenance clause, these instruments have been progressively excluded over a period of 8 years until the end of 2021, with a reduction of 10% per year.*

Common Equity Tier 1 capital (CET 1)

Common Equity Tier 1 (CET1) capital 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 end of 2022, CET1 capital after deductions amounted to €5,279.6 million:

12/31/2021 - *In € m*	4,928.3
Issue of shares and incorporation of reserves	185.6
Net result of forecasted distribution	465.4
Other elements	-299.8
12/31/2022	5,279.6

- the share capital amounted to €1,681.4 million, up €185.6 million over the year as a result of the capital increase, and the share premium to €7.5 million;
- reserves amounted to €4,000.3 million before allocation of 2022 earnings, up €394 million from 2021;
- unrealized capital gains and losses and other recyclable reserves decreased by €272 million. The latter was mainly due to the decrease in the valuation of BPCE shares;
- deductions amounted to €794 million at the end of 2022. The net deductible on equity investments amounted to €366 million. In particular, as BRED is a shareholder in 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. The decrease in this deduction is mainly due to the decline 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 capital (AT1)

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.

At the end of 2022, BRED had no AT1 capital. The subscription to the AT1 BPCE issue will therefore have an impact on CET1 of €111.5 million net of deductibles.

Tier 2 capital (T2)

Tier 2 capital equates to subordinated debt instruments with a minimum term of 5 years. Since the end of 2018, BRED no longer has Tier 2 capital consisting of subordinated loans. Tier 2 2022 capital consists of the positive difference between the Expected Loss and the accounting provisions on performing or doubtful loans, minus deductions on securities.

Capital requirement and weighted risks

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.
By applying regulatory calculation methods to these data, we obtain "weighted" risk amounts. The capital requirements are equal to 8% of the total of these weighted risks.

At the end of 2022, the BRED Group's weighted risks amounted to €33,568 million under Basel 3 regulations (i.e. €2,685.4 million in capital requirements), up by €3.8 billion. This increase can be explained by the dynamism of the credit business, which continued in 2022, and by the continued development of the BRED Group in France and abroad.

Basel 3 regulations introduced an additional amount of capital requirements, including:

- 9.2 million for the Credit Value Adjustment (CVA): the CVA is an accounting correction of the mark-tomarket 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.
- 101.6 million in respect of deductibles relating to IDA, corresponding to future profits linked to temporary

differences and to financial holdings of more than 10%. The items covered by the deductible are weighted at 250%.

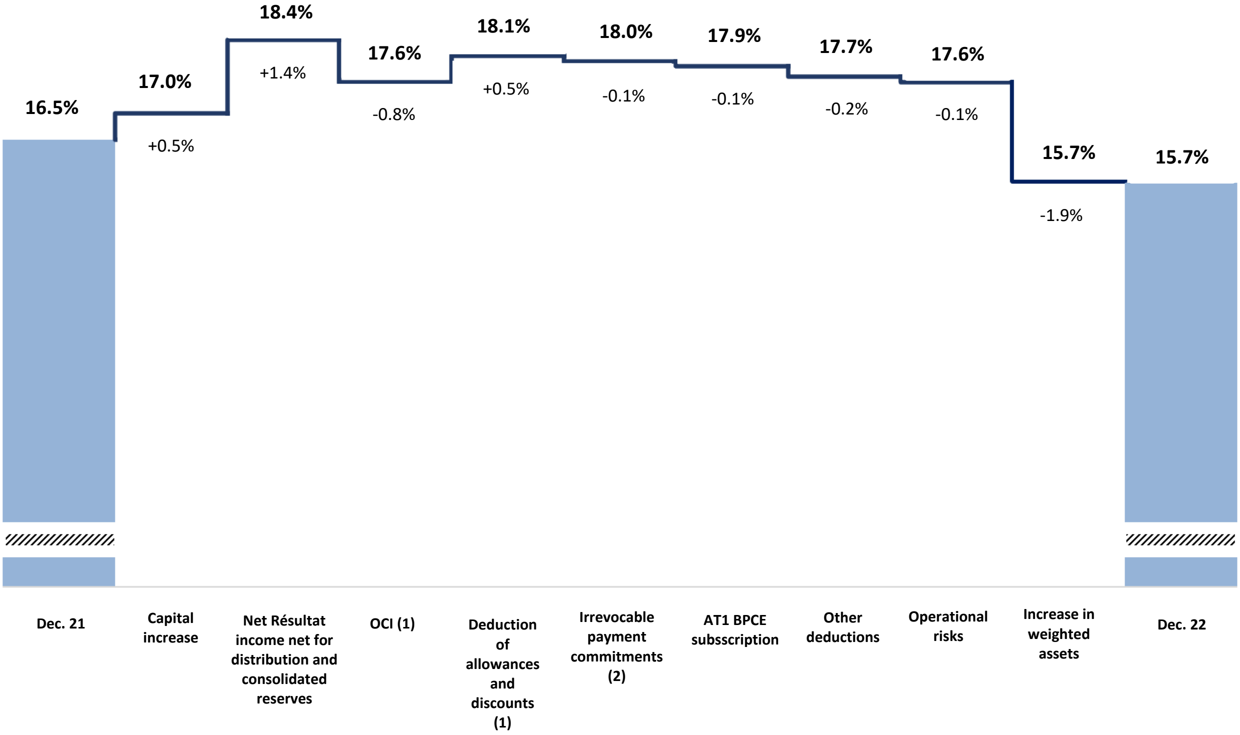
Capital adequacy ratio

As BRED Group's prudential capital was mainly composed of CET1 core capital at 31 December 2022, its overall capital adequacy ratio is slightly above its CET1 capital adequacy ratio.
It stood at the healthy level of 15.82% at the end of the period (higher than the regulatory minimum for 2022), down 0.96 points over the year.

In € m	2021 Basel 3 phased	2022 Basel 3
Common Equity Tier One (CET1)	4,928.3	5,279.6
Additional Tier 1 (AT1) instruments	0.0	0.0
Tier 2 capital after deductions	67.1	30.4
Regulatory capital	4,995.4	5,310.0
Credit and counterparty risk	25,994.3	29,844.4
Market risk	1,561.1	1,253.5
Operational risk	2,225.5	2,470.2
Total exposures at risk	29,780.8	33,568.0
Overall ratio	16.77%	15.82%
of which, Common Equity Tier 1 ratio	16.55%	15.73%

The decrease in the ratio was due to a significant increase in risk-weighted assets and deductions, mainly related to the increase in AT1 BPCE, as well as new deductions compared to 2021, notably irrevocable payment undertakings (IPA).
The sound ratio demonstrates BRED's strong capacity to create capital by allocating earnings to reserves and by issuing shares to its members.

Solvency ratio: 2020 vs. 2021



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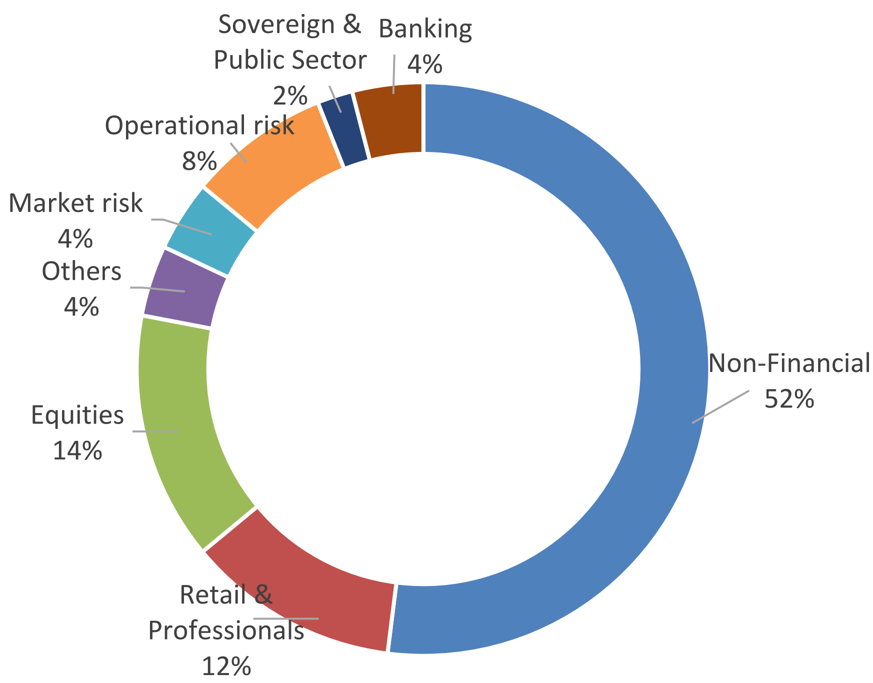
(1) The decrease in the valuation of BPCE shares in Q2 2022 had the impact of a decrease in gains and losses recognized directly in other income (OCI) and a decrease in deductions from securities
(2) IPS (Irrevocable Payment Obligations) at 12/31/2022

Weighted risks excluding allowances - Basel III capital adequacy



Total RWA €33.6bn including deductibles €3.4bn

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 totality of the centralized amount outstanding;
- Transactions carried out with other Groupe BPCE establishments with a 0% weighting in the calculation of riskweighted 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.
As of 31 December 2022, the leverage ratio on a Tier 1 capital basis is 5.28%.
The decrease in the ratio of 2.55 points is mainly due to the end of the central bank exemption, but also to the increase in the size of the consolidated balance sheet.

In € m	2021 Basel 3 phased	2022 Basel 3 phased
Tier 1 core capital	4,928.3	5,279.6
Leverage exposures	62,897.2	99,945.8
Leverage ratio	7.84%	5.28%

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 103% at 31 December 2022.

BRED's LCR (Liquidity Coverage Ratio) was 119% at 31 December 2022, for a regulatory minimum requirement of 100%.

BRED's NSFR (Net Stable Funding Ratio) was 105% at 31 December 2022, 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 and the quality of the description of the operation of the accounts as well as their consistency.
The production of accounting and financial information is entrusted to several members of staff, each independent of one another, coordinated by the CFO, in accordance with BRED Group's decentralized accounting organization.
The financial statements are produced by General Accounting Department. The accounts, which are the basis for the financial statements, are monitored and controlled at the first level by the production departments.

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 ensures the internal consistency of the scope of consolidation, the chart of accounts, the processing and analysis of all BRED's consolidated accounts in compliance with BPCE Group standards.

Regulatory and Tax Statements

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 French Monetary and Financial Code and the Decree of 25 February 2021 covering internal control.

Financial audit

As a second-level permanent control function, Financial Audit's mission is to contribute to the reliability of BRED Group's accounting and financial information. Financial Audit applies the BPCE Group's Accounting and Financial

Information Quality Control Framework validated by the Group Internal Control Coordination Committee (3CIG of 30 September 2022). Financial Audit thus contributes to:

- The improvement of the reliability and efficiency of the production and first-level control processes for accounting and financial information (company accounts, consolidated accounts, tax returns);
- The quality of the accounting and financial data and indicators appearing in the regulatory reports or in the steering reports, in conjunction with the other actors of the second level permanent controls;
- The Prevention and detection of fraud, corruption and influence peddling (focused on the accounting field).

The scope of intervention of Financial Audit covers BRED Group, i.e. BRED S.A. and its subsidiaries and affiliates. The monitoring of subsidiaries and affiliates concerns those identified as falling within the scope of material entities in accordance with the criteria and thresholds defined by the BPCE Group.
The central financial control team is responsible for coordinating the functional link with permanent control officers attached to the subsidiaries or operational departments concerned. This functional link takes the form of regular feedback from the permanent controllers in accordance with the formats, methodology and instructions determined in accordance with the various requirements of Groupe BPCE.
In order to carry out its tasks, Financial Audit relies on the control work carried out within the Finance Department and on the work of other risk management departments when necessary.

The work of Financial Audit is carried out in accordance with an annual control plan. This control plan is based on the results of risk mapping relating to the production of accounting and financial information, using a methodology that takes into account materiality, inherent risk and internal control risk. As part of its work, Financial Audit also plays an internal communication role with respect to governance and the various BRED Group control players, including the Audit and Accounts Committee. It communicates on accounting and financial control issues with BPCE, the statutory auditors and the supervisory authorities. Financial Audit is also responsible for monitoring the appointment and renewal of statutory auditors, in accordance with the rules defined by BPCE standards.

Financial Control reports to the Chief Financial Officer and functionally to the Director of Risk Management, Compliance and Permanent Controls.

POST-CLOSING EVENTS

None

OUTLOOK

In 2022, the economic and financial situation was characterized by significant inflation, market volatility, and a rapid increase in interest rates. Even though central banks raised interest rates repeatedly that year, they are expected to maintain tight monetary policies to combat ongoing inflation. Furthermore, there is a great deal of uncertainty regarding the situation in Ukraine and potential supply chain disruptions. These geopolitical and energy-related uncertainties are having a negative impact on the global growth forecast for 2023.

Even with the current economic conditions, BRED remains committed to its role in promoting economic growth in the regions where it operates, both in France and around the world. This will be achieved by leveraging the diversity of our business operations. Our bank will strive to deepen our relationships with customers by providing local and high-value global support to help finance their personal and business projects. Additionally, BRED Group is dedicated to supporting our customers' efforts towards ecological and environmental sustainability.

Thanks to a successful Banking without distance strategy implemented a decade ago, BRED Group is well-equipped to achieve its goals. In fact, the group is expected to perform exceptionally well in 2022, with steady growth in NBI and net income since 2012, leading to a strengthened equity position. Moreover, the trust placed in BRED by its members and customers is evident in the success of the capital increase in 2022, and will be a key asset in realizing its ambitions.

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 quater of the French Tax Code, the financial statements for the year ended 31 December 2022 include a charge of €148,883, corresponding to excessive expenditures that are not deductible for tax purposes.

As a result, the tax incurred as a result of said expenditure and expenses amounts to €38,449.

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					498
Total value of invoices affected (including tax)	5,847,273	300,988	86,956	110,617	6,345,834
(B) Invoices excluded from (A) relating to disputed or unrecorded liabilities and receivables					
Number of excluded invoices	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. The invoices not collected at 31 December 2022 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 12/31/2022
Number of inactive accounts open in the institution's books	100,676
Total outstandings recorded in the said inactive accounts	€96,830,224.04
Number of accounts whose credit balances have been deposited with Caisse des Depots et Consignations	1,630
Total amount of funds deposited with Caisse des Depots et Consignations	€1,750,874.89

3
Annual consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS

1.1 - Consolidated income statement

in thousands of euros	*Notes*	2022 financial year	2021 financial year
Interest receivable and similar income	*4.1*	1,882,543	1,487,068
Interest payable and similar charges	*4.1*	-1,284,819	-789,234
Commissions (Income)	*4.2*	587,879	522,476
Commissions (expenses)	*4.2*	-162,784	-139,568
Net gains or losses on financial instruments at fair value through profit or loss	*4.3*	382,168	213,944
Net gains or losses on financial instruments at fair value through equity	*4.4*	95,405	55,747
Net gains or losses resulting from the derecognition of financial assets at amortized cost	*4.5*	1,403	2,941
Net gains or losses resulting from reclassification of financial assets at amortized cost into 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 into financial assets at fair value through profit or loss	*5.7*	-	-
Net income from insurance activities	*9.2.1*	142,650	130,563
Income from other activities	*4.6*	17,231	16,615
Expenses on other activities	*4.6*	-24,844	-44,466
Net banking income		**1,636,832**	**1,456,086**
General operating expenses	*4.7*	-819,290	-735,650
Depreciation and impairment of tangible and intangible fixed assets		-66,885	-67,280
Gross operating income		**750,657**	**653,155**
Cost of credit risk	*7.1.1*	-108,297	-124,144
Operating income		**642,360**	**529,011**
Share in net income of associates and equity-accounted joint ventures	*12.4.2*	26,113	26,935
Gains or losses on other assets	*4.8*	1,139	722
Changes in the value of goodwill	*3.5.2*	0	0
Profit before taxes		**669,612**	**556,668**
Income tax	*11.1*	-152,742	-142,271
Net income from discontinued operations		0	0
Net income		**516,869**	**414,397**
Non-controlling holdings	*5.17*	-9,424	-1,958
Net income Group share		**507,446**	**412,440**

1.2 - Comprehensive income

in thousands of euros	Financial year 2022	Financial year 2021
Net income	**516,869**	**414,397**
Recyclable items in net income	**-96,343**	**9,833**
Translation deviations	-7,787	991
Revaluation of financial assets at fair value through recyclable equity	-162,568	-1,987
Revaluation of assets available for sale of insurance activity	-5,211	4,910
Revaluation of Derivative Hedging Instruments for Recyclables	43,464	406
Share of gains and losses recognised directly in equity of equity-accounted entities	4,037	4,352
Other items accounted for by recyclable equity	0	0
Related taxes	31,722	1,162
Non-recyclable items in net income	**-176,069**	**210,025**
Asset Revaluation	0	0
Revaluation (or actuarial gains and losses) of defined benefit schemes	23,072	23,889
Revaluation of the own credit risk of designated financial liabilities at fair value through profit or loss	0	0
Revaluation of financial equity assets recognised at fair value through equity	-200,030	200,876
Share of gains and losses recognised directly in equity of equity-accounted entities	652	-723
Other items recognised by non-recyclable equity	0	0
Related taxes	236	-14,016
Total gains and losses recognised directly in equity	**-272,412**	**219,858**
COMPREHENSIVE INCOME	**244,457**	**634,256**
Group share	235,838	632,574
Non-controlling interests	8,620	1,681
For information: Amount of transfer in reserve of non-recyclable items	***0***	***0***

1.3 - Consolidated balance sheet

ASSETS

in thousands of euros	*Notes*	12/31/22	12/31/21
Cash, central banks	*5.1*	33,812,294	738,824
Financial assets at fair value through profit or loss	*5.2.1*	8,210,418	10,619,751
Hedging derivatives	*5.3*	758,778	99,569
Financial assets at fair value through equity	*5.4*	14,101,492	13,763,747
Securities at amortised cost	*5.5.1*	2,330,884	2,219,740
Loans and advances to credit institutions and equivalent at amortized cost	*5.5.2*	9,218,363	12,624,164
Loans and loans to customers at amortized cost	*5.5.3*	40,893,730	34,421,351
Revaluation spread of portfolios hedged in interest rates		-225	2,118
Investments in insurance activities	*9.1.1*	8,626,371	8,850,843
Current tax assets		27,536	17,259
Deferred tax assets	*11.2*	364,540	94,926
Prepayments and miscellaneous assets	*5.6*	1,075,472	1,249,694
Non-current assets for disposal	*5.7*	0	0
Deferred profit sharing	*9.1.16*	74,079	0
Equity investments in equity-accounted companies	*12.4.1*	413,542	411,654
Investment properties	*5.8*	2,089	2,191
Tangible capital assets	*5.9*	347,166	355,964
Intangible assets	*5.9*	44,489	32,837
Goodwill	*3.5.1*	0	0
TOTAL ASSETS		**120,301,017**	**85,504,632**

LIABILITIES

in thousands of euros	*Notes*	12/31/22	12/31/21
Central banks		902	7
Financial liabilities at fair value through profit or loss	*5.2.2*	3,424,111	2,593,498
Hedging derivatives	*5.3*	655,021	612,313
Debts securities	*5.11*	10,071,602	7,348,086
Amounts due to credit institutions and similar institutions	*5.12.1*	34,263,415	19,493,231
Amounts due to customers	*5.12.2*	55,969,958	39,764,960
Revaluation adjustments on interest-rate risk hedged portfolio		-4,017	8,844
Current tax liabilities		9,538	3,686
Deferred tax liabilities	*11.2*	275,463	3,251
Accrued expenses and other liabilities	*5.13*	1,094,998	1,334,311
Liabilities directly linked to non-current assets held for sale	*5.7*	0	0
Liabilities relating to insurance activity contracts	*9.1.11*	8,210,539	8,415,511
Provisions	*5.14*	151,465	170,165
Subordinated debt	*5.15*	7,129	6,462
Equity		**6,170,894**	**5,750,307**
Equity attributable to equity holders of the parent company		***6,115,848***	***5,713,370***
Capital and share premium account		*1,688,914*	*1,503,349*
Consolidated reserves		*4,000,375*	*3,606,859*
Gains and losses recognised directly in other comprehensive income		*-80,887*	*190,722*
Income for the period		*507,446*	*412,440*
Non-controlling interests	*5.17*	**55,046**	**36,937**
TOTAL LIABILITIES AND NET EQUITY		**120,301,017**	**85,504,632**

1.4 - Statement of changes in members' equity

in thousands of euros	Capital and share premium account			Undated deeply subordinated securities	Consolidated reserves
	Capital	Premiums	Preferred shares		
Equity as of 1 January 2021	**1,375,718**	**7,482**	**0**	**0**	3,630,341
Distribution	0	0	0	0	-17,569
Capital increase					
SST Refund					
TSS Compensation					
Capital increase	120,149	0	0	0	-7,144
Impact of acquisitions and disposals on non-controlling interests					
Total movements linked to relations with members	120,149	0	0	0	**-24,713**
Gains and losses recognised directly in other comprehensive income	0	0	0	0	**0**
Effect of acquisitions and disposals on non-controlling interests					
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**
Allocation of profit or loss for the year	0	0	0	0	**412,440**
Effects of changes in method used to calculate employee benefit obligations					**1,089**
Equity at January 2022	**1,495,867**	**7,482**	**0**	**0**	**4,020,388**
Distribution (1)	0	0	0	0	**-20,492**
Capital increase	185,565	0	0	0	**-9,581**
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	***185,565***	***0***	***0***	***0***	**-30,073**
Gains and losses posted directly in other comprehensive income	0	0	0	0	**6,143**
Income for the period	0	0	0	0	**0**
Comprehensive income	***0***	***0***	***0***	***0***	**6,143**
Other changes	0	0	0	0	**3,917**
Equity as of 31 December 2022	**1,681,432**	**7,482**	**0**	**0**	**4,000,375**

in thousands of euros	Gains and losses recognised directly in other comprehensive income							Net income(Group share)	Total shareholders' equity (group share)	Non-controlling interests	Total consolidated capital
	Recyclable				Non-recyclable						
	Translation reserves	Financial assets of debt at fair value through equity	Assets available for sale of the insurance business	Change in faire value of hedging derivatives	Financial equity assets recognized at fair value through equity	Revaluation of the credit risk on financial liabilities recognized at fair value through profit or loss	Revaluation reserve on social liabilities				
Equity as of 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	0	0	0	0	0	0	0	0	-17,569	0	-17,569
Capital increase											
SST Refund											
TSS Compensation											
Capital increase	0	0	0	0	0	0	0	0	113,005	0	113,005
Effect of acquisitions and disposals on non-controlling interests											
Total transactions related to shareholder relations	0	0	0	0	0	0	0	0	**95,436**	0	**95,436**
Gains and losses recognized directly in other comprehensive income	2,544	-1,897	3,644	5,819	191,587	0	18,438	0	**220,135**	(277)	**219,858**
Effect of acquisitions and disposals on non-controlling interests											
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**
Allocation of profit or loss for the year	0	0	0	0	0	0	0	-412,440	**0**	0	**0**
Effects of changes in method used to calculate employee benefit obligations									**1,089**	0	**1,089**
Equity at January 2022	**-7,181**	**37,392**	**10,425**	**720**	**154,117**	**0**	**-4,750**	**0**	**5,714,459**	**36,937**	**5,751,396**
Distribution (1)	0	0	0	0	0	0	0	0	**-20,492**	0	**-20,492**
Capital increase	0	0	0	0	0	0	0	0	**175,984**	0	**175,984**
Other movements	0	0	0	0	0	0	0	0	**0**		**0**
Effect of acquisitions and disposals on non-controlling interests	0	0	0	0	0	0	0	0	**0**	0	**0**
Total transactions related to shareholder relations	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	**155,492**	***0***	**155,492**
Gains and losses recognized directly in other comprehensive income	-7,235	-119,243	-3,865	34,840	-193,077	0	16,971	0	**-265,466**	-2,761	**-268,227**
Income for the period	0	0	0	0	0	0	0	507,446	**507,446**	9,424	**516,869**
Comprehensive income	***-7,235***	***-119,243***	***-3,865***	***34,840***	***-193,077***	***0***	***16,971***	***507,446***	**241,980**	***6,663***	**248,643**
Other changes	0	0	0	0	0	0	0	0	**3,917**	11,446	**15,363**
Equity at December 2022	**-14,416**	**-81,851**	**6,560**	**35,559**	**-38,960**	**0**	**12,221**	**507,446**	**6,115,848**	**55,046**	**6,170,894**

(1) On December 15, 2020, the European Central Bank issued a recommendation n°BCE/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 profits accumulated for 2019 and 2020. In this context, the amount of the distribution to be paid in 2021 was subject to prior validation by the ECB for each institution. This recommendation expired on 30 September 2021.

1.5 - Statement of cash flows

in thousands of euros	12/31/22	12/31/21
Profit before taxes	**669,612**	**556,668**
Net depreciation of tangible and intangible fixed assets	69,492	68,800
Impairment of goodwill	0	0
Net allocation to provisions and impairments (including insurance technical provisions)	331,768	543,889
Share of income of equity-accounted companies	-26,113	-20,759
Net losses/gains on investment activities	-69,234	-44,515
Income/expenses on financing activities	0	0
Other movements	134,640	-361,683
Total non-cash items included in pre-tax income	***440,552***	***185,733***
Cash flows arising from transactions with credit institutions	4,521,300	2,979,925
Cash flows arising from transactions with customers	9,951,803	-1,221,392
Cash flows arising from other transactions involving non-financial assets or non-financial liabilities	3,581,148	-3,803,363
Flows related to other transactions affecting non-financial assets and liabilities	933,396	451,515
Taxes paid	-98,799	-99,979
Net increase/(decrease) in assets and liabilities from operating activities	***18,888,848***	***-1,693,283***
Net cash from operating activity (A) - Ongoing operations	**19,999,013**	**-950,882**
Net cash from operating activity (A) - Discontinued operations		
Flows related to financial assets and equity investments	-149,308	247,518
Flows related to investment properties	-85	-64
Flows linked to tangible and intangible assets	-38,279	-45,273
Net cash from investment activity (B) - Ongoing operations	**-187,672**	**202,181**
Net cash from investment activity (B) - Discontinued operations		
Cash flow from or to shareholders	156,212	100,323
Cash flow from financing activities	544	505
Net cash from financing operations (C) - Ongoing operations	**156,756**	**100,828**
Effect of exchange rate change (D) - Discontinued operations	**8,793**	**-15,442**
NET CASH AND CASH EQUIVALENTS (A+B+C+D)	**19,976,890**	**-663,315**
CASH FLOWS ON ASSETS AND LIABILITIES HELD FOR SALE		
Cash in hand and at central banks	**738,964**	**701,801**
Cash and net balance of accounts with central banks (assets)	738,970	701,807
Due to central banks (liabilities)	-7	-6
Net balance of demand transactions with credit institutions		
Overdrafts on current accounts (1)	3,629,870	4,769,279
Demand accounts and loans	0	0
Accounts payable on demand	-712,511	-1,151,441
Demand repurchase agreements	0	0
Cash and cash equivalents at the start of the year	**3,656,324**	**4,319,638**
Cash in hand and at central banks	**33,811,764**	**738,964**
Cash and net balance of accounts with central banks (assets)	33,812,667	738,970
Due to central banks (liabilities)	-902	-7
Net balance of demand transactions with credit institutions		
Overdrafts on current accounts (1)	808,772	3,629,870
Demand accounts and loans	0	0
Demand accounts in credit	-10,987,323	-712,511
Demand repurchase agreements	0	0
Cash and cash equivalents at year-end	**23,633,214**	**3,656,324**
CHANGE IN NET CASH AND CASH EQUIVALENTS	**19,976,890**	**-663,315**

(1) Ordinary accounts in debit do not include Livret A, LDD and LEP funds centralized at the Caisse des Dépôts et Consignations.

NOTE 1 - GENERAL FRAMEWORK

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.

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, comprising the Banque Populaire network, the Caisse d'Épargne network, the Solutions & Financial Expertise division (including factoring, consumer credit, leasing, financial guarantees and *securities retailing*), the Digital and Payments divisions (including the Payments subsidiaries contributed in 2022 and the Oney group), Insurance and Other Networks;
- 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.

As a responsible financial institution, BPCE is tasked with ensuring the capital adequacy of the Group and each of its networks, and fostering financial solidarity among them. This solidarity is legally established, mandating the central body to restore liquidity or capital adequacy for affiliates facing difficulty, or for the entire group. The principle of solidarity is unlimited, granting BPCE the authority to call on any or all affiliates to contribute towards financial recovery efforts at any given time. In the event of one or more affiliates experiencing financial difficulty, BPCE may mobilize all liquid assets and equity from the affiliates to address the situation.

Thus, in the event of difficulties, BPCE must do everything necessary to restore the financial situation and may, in particular, have unlimited recourse to the resources of any, several or all of the affiliates, or implement the appropriate mechanisms for internal solidarity within the group and by calling on the guarantee fund common to both networks, for which it determines the operating rules, the methods of triggering in addition to the funds of the two networks, as well as the contributions of the affiliated establishments for its endowment and reconstitution.

BPCE manages the Banque Populaire network fund, the Caisse d'Épargne network fund and the Mutual Guarantee Fund.

The **Banque Populaire Network Fund** consists of a €450 million deposit made by the Banques Populaires in the books of BPCE in the form of a term account with a ten-year term and indefinitely renewable.

The **Mutual Guarantee Fund is** made up of deposits made by the Banques Populaires and the Caisses d'Épargne in the books of BPCE in the form of ten-year term accounts that are indefinitely renewable. The amount of deposits per network was 157 million euros at 31 December 2022.

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

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

Mutual guarantee companies that grant their exclusive guarantee to a Banque Populaire under the articles of association benefit from the liquidity and solvency guarantee in their capacity as members of the central body.

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 2022, BRED Banque Populaire increased its share capital to €1,681,431,905.79 through both a cash capital increase and the capitalisation of reserves.

Cash subscriptions amounted to €175,984,324.92. The capitalization of reserves amounted to €9,580,808.58.
The share capital is divided into one hundred and fifty-nine million six hundred and eighty thousand one hundred and forty-three (159,680,143) shares with a par value of ten euros and fifty-three cents (€10.53) each, fully paid up and all of the same category.

1.4 - Events after the end of the reporting period

There are no subsequent events.

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 - Protocol

The standards and interpretations used and described in the annual financial statements for the year ended 31 December 2021 have been supplemented by the standards, amendments and interpretations whose application is compulsory for financial years beginning on or after 1 January 2022. The texts newly applicable in 2022 are amendments of specific or minor scope. They had no effect on the Group's consolidated financial statements.

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 1 st 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 1 st 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.

The other standards, amendments and interpretations adopted by the European Union have no material impact on the Group's financial statements.

New standards published and not yet applicable

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 1 st 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 1 st 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 2021, the IASB published an amendment to IFRS 17 allowing the option to present under IFRS 9 all financial assets held by insurers as of 1st January 2022 in the comparative statements when IFRS 17 and IFRS 9 are applied jointly in 2023. This amendment was adopted by Commission Regulation (EU) 2022/1491 of 8 September 2022.

Groupe BRED plans to exercice this option and also to apply the 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 disclosure of contracts within its scope.

Scope of application

The scope of IFRS 17 is similar to that of IFRS 4.

IFRS 17 will apply to:

- Insurance contracts (including reinsurance treaties) issued;
- Reinsurance treaties ceded;
- Investment contracts issued with a discretionary participation feature, provided that the entity also issues insurance contracts.

Groupe BRED is concerned by these three types of contracts.

On the other hand, financial guarantees given by banking sector entities within Groupe BRED, although meeting the accounting definition of an insurance contract, continue to be treated in accordance with IFRS 9 on financial instruments in line with previous practice.

Valuation models

In accordance with IFRS 17, insurance liabilities will have to be recognized at present value. Until now, they were measured at cost under IFRS 4, which authorizes the retention of liabilities measured in accordance with French consolidation rules, with the exception of specific provisions introduced by IFRS 4, notably those relating to shadow accounting and the liability adequacy test.

Insurance liabilities will now be valued according to a "*building blocks*" approach (general model), applicable by default to all contracts within the scope of IFRS 17. This approach requires the measurement of technical provisions comprising the following three blocks:

- A first block equal to the present value of future cash flow estimates - the *Best Estimate* (BE);
- A non-financial risk adjustment to account for the uncertainty in these future cash flow estimates;
- A *Contractual Service Margin* (CSM).

Within Groupe BRED, this model will be directly utilized in various business operations, including creditor insurance contracts, multi-year individual provident contracts (excluding funeral contracts), and surety business. Additionally, it is employed in the primary reinsurance treaties accepted for the savings and pensions business.

The *best estimate* corresponds to the present value, measured at each balance sheet date, of estimated future cash flows (receivables and payables) relating to contracts within the time horizon defined in accordance with IFRS 17, weighted by the probability of their occurrence. These cash flows are discounted using the discount rates described below. The carrying amount of the *Best Estimate* consists of a liability (or asset) relating to the remaining period of coverage and a liability relating to claims incurred.

The adjustment for non-financial risk reflects the uncertainty surrounding future cash flow estimates included in the Best Estimate. It is measured at each balance sheet date, and the level of adjustment is not standardized. Groupe BRED has defined non-financial risk adjustment methodologies based on the different risks presented by various insurance liabilities. For the non-financial risk adjustment of liabilities related to the remaining coverage period, Groupe BRED primarily employs a VaR (Value-at-Risk) type confidence level methodology that capitalizes on the prudential requirements framework, with a multi-year risk view. Intra-entity diversification is also considered, although diversification benefits between group entities are not taken into account. On the other hand, the adjustment for non-financial risk in relation to liabilities for incurred claims is primarily based on Groupe BRED's risk appetite level. It corresponds to a degree of uncertainty determined through actuarial calculation methods.

The MSA (Margin for Services to be Acquired) represents the anticipated profit margin on insurance contracts that the Group has not yet earned. It is measured for each group of insurance contracts at the time of underwriting and adjusted over time, considering changes in non-financial assumptions. The MSA is recorded in the balance sheet and recognized in the income statement over the remaining life of the contracts. If a loss is expected, it is not subject to a negative MSA, but recognized in the income statement immediately. To allocate the portion of the WSC (Written Service Contract) representing the service rendered during the period, hedging units are utilized. These units are representative of the duration of the contracts, the quantity of services provided, and the service rendered by Groupe BRED's insurance entities to policyholders. Regarding loan insurance contracts and bonding activities, the coverage units are determined based on the outstanding capital in the general model's application.

The discount rates applied to the estimation of future cash flows should reflect the time value of money, cash flow characteristics, as well as liquidity characteristics of the insurance contracts, and be consistent with observable current market prices. Under the general model, the *Best Estimate* and the adjustment for non-financial risks are measured on the basis of current rates (as of the accounting closing date) while the CSM remains valued on the basis of discount rates determined at the initial accounting date of the group of contracts. Groupe BRED uses a *bottom-up* method to determine these discount rates, based on a risk-free rate curve to which an illiquidity premium is added, depending on the characteristics and liquidity of the insurance contracts concerned. The risk-free rate curve used is adapted from the rate curve applicable in the context of prudential requirements (the adjustments mainly concern the liquidity and extrapolation parameters beyond the last liquid point). In the case of multi-year life insurance contracts and loan insurance, the discount rates are based on the risk-free rate curve.

A ***Variable Fee Approach*** (VFA) model is mandatorily prescribed for direct participatory contracts, which meet the following three criteria:

- The contractual terms specify that the contract holder has an interest in a specified portfolio of underlying assets;
- The insurer expects to pay the insured an amount equal to a significant portion of the fair value of the specified underlying portfolio returns;
- A significant portion of the benefits that the entity expects to pay to the insured is expected to vary with the fair value of the specified portfolio of underlying items.

Within Groupe BRED, this model will be used in direct business to evaluate savings and retirement contracts as well as funeral contracts.

For direct participating contracts, the service rendered to the insured involves managing the underlying elements on their behalf since they receive a significant portion of these elements. The cash flows from these contracts depend on the performance of the underlying assets. Therefore, an increase in the value of the underlying assets increases the contract's valuation, and a decrease in the value of the underlying assets reduces the contract's valuation.

The VFA approach replaces the "shadow accounting" approach introduced by IFRS 4. As a reminder, under shadow Accounting policies, the deferred participation reserve is adjusted to reflect policyholders' rights to unrealized capital gains or their participation in losses on unrealized capital losses relating to financial instruments measured at fair value in accordance with IAS 39.

Under IFRS 17, the main differences between the two methods arise from the inclusion in the valuation of insurance contracts of the capital gains or losses of the underlying items, including those that are not measured at fair value under IFRS. In addition, the insurer's share of unrealized gains is no longer included in shareholders' equity but is included in the CSM for the portion not yet reported in the income statement.

Within Groupe BRED, the majority of the financial assets underlying the VFA contracts will be measured at fair value through profit or loss or through equity under IFRS 9. Most investment properties are also measured at fair value through profit or loss as permitted by IAS 40. In order to avoid accounting mismatches between the recognition in profit or loss of the effects of IFRS 17, IFRS 9 and IAS 40, the standard offers the possibility to apply the disaggregation option. This option allows direct participating contracts to be recorded under insurance finance costs in an amount equal to but opposite to the amount of finance income corresponding to the underlying items. The residual financial expense is recognized directly in equity. Groupe BRED has decided to apply this option.

Adaptations to the provisions of the general model have been made concerning the coverage units and the yield curve for contracts eligible for the VFA model. Thus, the coverage units used in the VFA model are based on changes in the outstanding amounts of policyholders' savings contracts, adjusted to take into account the difference between the rate of return on assets attributable to the contracts (in the real world) and the rate of return estimated in the actuarial models (in risk neutrality). The yield curve is based on the same methodology as that used in the general model, with the addition of an illiquidity premium determined according to the nature of the financial assets underlying the contracts eligible for this model.

Finally, the general approach is completed by a simpler optional model based on **the *Premium* Allocation *Approach* (PAA)**. It is applicable to:

- All contracts except for direct participating contracts, as this method leads to a result close to the general approach;
- Short-term contracts (i.e. for a period of less than 12 months).

Groupe BRED will use this model in direct business for annual individual life insurance contracts and for all property and casualty contracts (fire, accident and miscellaneous risks).

The initial liability for future coverage equals the received premiums, so no MSA is recorded. Premiums are recognized in the income statement over time. Acquisition costs can be immediately expensed or incurred over the hedging period. Liabilities for claims incurred but unpaid and for groups of burdensome contracts are measured using the general model under the PAA model. Liabilities under the PAA model are discounted only if the passage of time has a significant effect, especially for reserves for incurred claims (Best Estimate and Non-Financial Risk Adjustment). The PAA model differs from IFRS 4 mainly in reserves for claims incurred, particularly in terms of the effect of the passage of time.

Level of contract aggregation

The standard defines the level of aggregation of contracts, at the "group of contracts" level, to be used to measure the liabilities of insurance contracts and their profitability.

The first step is to identify portfolios of insurance contracts, i.e. contracts subject to similar risks and managed together.

Then, each portfolio is divided into three groups:

- Deficit contracts upon initial recognition;
- Contracts that do not have a significant possibility of becoming loss-making when initially recorded;
- Other contracts in the portfolio.

Finally, the standard as published by the IASB introduces the principle of "annual cohorts" which prohibits the inclusion in the same group of contracts issued more than one year apart. Nevertheless, as adopted by the European Union, the standard provides for an optional exception to the application of this rule for the following contracts:

- Groups of insurance contracts with direct participation features and groups of investment contracts with discretionary participation features whose cash flows affect or are affected by cash flows to policyholders of other contracts;
- Groups of insurance contracts that are managed over several generations of contracts and that meet certain conditions and for which the application of the *matching adjustment has been* approved by the supervisory authorities.

This exception will be reviewed before the end of 2027, based on the results of the IASB's review of the implementation of IFRS 17.

Groupe BRED will apply the annual cohort exemption option to savings/retirement and funeral contracts.

The portfolio classification used by BPCE Assurances is consistent with that used for prudential requirements. The grouping by homogeneous levels of profitability was carried out following studies based on information and criteria available internally, such as products, contracts and policyholders.

Specific provisions for ceded reinsurance treaties

IFRS 17 requires separate analysis, measurement and recognition of direct insurance contracts (and inward reinsurance treaties) from ceded reinsurance treaties. As the VFA model is not applicable to reinsurance treaties, only the general model and the PAA model can be applied. Under ceded reinsurance treaties, the MSA may represent a reinsurance cost or gain (i.e., the provisions relating to onerous contracts do not apply in the case of ceded reinsurance treaties). The provisions relating to the level of aggregation of contracts remain the same as those applicable to direct insurance contracts.

Groupe BRED's reinsurance treaties have been valued using the general model or the PAA model, depending on their horizon determined in accordance with IFRS 17.

Approach to transition date

IFRS 17 will be applied retrospectively. Insurance contracts in force will be revalued at the date of transition according to the 3 methods below:

- *Full Retrospective Approach* (FRA)

The *Full Retrospective Approach* (FRA) provides for the definition, recognition and measurement of each group of insurance contracts as if IFRS 17 had always been applied from the inception of the contracts.

If it is not possible to apply this method based on available data, the following two methods can be used:

- *Modified Retrospective Approach* (MRA)

The *Modified Retrospective Approach* (MRA) remains a retrospective method that is close to the FRA, but with some simplifications in the calculation.

- *Fair Value Approach* (FVA)

The *Fair Value Approach* (FVA) is based solely on data available at the transition date without modeling past cash flows.

Under the fair value approach, the contractual service margin is measured at the transition date as the difference between the fair value of the group of insurance contracts at that date and the performance cash flows measured at that date.

Groupe BRED has mainly applied the modified retrospective and fair value approaches for the measurement of insurance liabilities at the transition date, given operational constraints (e.g. data availability).

The simplifications adopted in applying the modified retrospective method relate mainly to the level of aggregation of contracts, past cash flows and discount rates.

Impact on financial statement presentation

IFRS 17 introduces new requirements in terms of financial statement presentation compared to IFRS 4.

- ***Presentation of the income statement***

IFRS 17 introduces the presentation of new aggregates in the income statement, in particular the distinction between a result from insurance (and accepted reinsurance) activities and financial income or expenses from insurance (and accepted reinsurance).

The result of insurance activities (including accepted reinsurance contracts) will combine the income (revenue) from insurance contracts issued (release of benefits and estimated expenses for the period (excluding investment components), change in non-financial risk adjustment amortization of contractual service margin for services rendered, amortization of acquisition cash flows) and expenses related to insurance contracts issued (benefits and expenses incurred (excluding investment component reimbursements), recognition and reversal of onerous component, amortization of acquisition costs).

The investment component will therefore be excluded from the income statement. This mainly concerns contracts valued under VFA in Groupe BRED.

Expenses directly attributable to insurance contracts will be presented within NBI and no longer as general operating expenses or depreciation and amortization.

New aggregates relating to the financial income or expense of insurance contracts (including accepted reinsurance contracts) will also be presented. These include financial income or expense relating to the effect of the passage of time and changes in discount rates.

A separate presentation of these aggregates under ceded reinsurance treaties must also be respected.

In addition, ANC recommendation no. 2022-01 of 8 April 2022 on the format of consolidated financial statements of banking sector institutions prepared in accordance with international accounting standards (which replaces recommendation no. 2017-02 of 2 June 2017 as of the date of first application of IFRS 17) requires that the cost of credit risk on financial investments of insurance activities be isolated on a separate line and presented following the items "Financial income or expense from insurance contracts issued" and "Financial income or expense from reinsurance contracts ceded" in order to reflect the financial performance of insurance activities within a financial conglomerate with separate banking and insurance activities.

- ***Presentation of the balance sheet***

In the balance sheet, the commitments relating to IFRS 17 contracts will be presented according to the asset or liability position of the book value of the IFRS 17 portfolios and the type of contract (separate presentation of the book value of IFRS 17 portfolios for direct insurance contracts and inward reinsurance from that of ceded reinsurance treaties).

The carrying amount of liabilities relating to IFRS 17 contracts will also include the amounts of receivables and payables relating to ceded insurance and reinsurance transactions (currently presented separately under IFRS 4).

Lastly, ANC recommendation no. 2022-01 of 8 April 2022 allows, as an option, the presentation of financial investments for insurance activities in a separate item on the assets side of the balance sheet, with the corollary of presenting net income from insurance-related investments on a separate line of the income statement. Groupe BRED will adopt this presentation, which is in line with the presentation it currently applies.

In addition, receivables arising from insurance and reinsurance transactions accepted or ceded, as well as the share of assignees and retrocessionaires in liabilities relating to insurance contracts, will no longer be presented within insurance investments but with assets or liabilities relating to insurance or reinsurance contracts ceded.

- ***Presentation of the Appendices***

The majority of the notes currently presented under IFRS 4 will be modified to comply with the new quantitative and qualitative requirements of IFRS 17.

First-time adoption of IFRS 9 by insurance subsidiaries

Groupe BRED's insurance subsidiaries will apply IFRS 9 relating to financial instruments, replacing IAS 39, as from 1 January 2023. This will require the restatement of comparative financial statements.

It's worth noting that the Accounting policies used for these instruments are the same as those already applied by Groupe BRED (excluding insurance subsidiaries) since 2018, which are presented in Note 2.5.1.

The main balance sheet impacts of the first-time adoption of IFRS 9 by insurance subsidiaries are presented below.

Most financial assets measured at fair value under IAS 39 (assets classified as available-for-sale financial assets or financial assets at fair value through profit or loss) continue to be measured at fair value under IFRS 9.

The main reclassifications within financial investments will be as follows:

- Under IAS 39, certain debt securities (bonds) are measured at amortized cost because they are held to maturity. When reviewing the business model associated with these securities for the first-time application of IFRS 9, they will be reclassified at fair value through equity to the extent that they are linked to a mixed cash flow collection and sale business model;
- Units in mutual funds or venture capital funds classified as equity instruments and classified as available-for-sale financial assets under IAS 39 will be measured under IFRS 9 at fair value through profit or loss due to their nature as debt instruments and the characteristics of their contractual cash flows, which do not represent only principal repayments and interest on the principal;
- Shares classified as available-for-sale financial assets under IAS 39 will be classified by default at fair value through profit or loss under IFRS 9. Where Groupe BRED's insurance subsidiaries have individually made an irrevocable choice, the shares will be classified at fair value through equity.

Reclassifications between categories of financial assets measured at amortized cost and at fair value through profit or loss or through equity will have a net impact on Groupe BRED's consolidated shareholders' equity due to the difference in the valuation method for these assets and the retrospective application of the standard.

The application of impairment for expected losses under IFRS 9 will not be material for Groupe BRED's insurance subsidiaries.

Quantitative impacts (IFRS 17 IFRS 9)

As of 1 January 2022, the impact of the first-time application of IFRS 17 and IFRS 9 for insurance subsidiaries on consolidated shareholders' equity - Group share amounts to €21 million.

Amendments to IAS 12: Deferred tax on assets and liabilities arising from the same transaction

The amendments to IAS 12 "Income Taxes" adopted by the European Union on 11 August 2022 will be applicable from 1 January 2023. The amendments clarify and reduce the scope of the exemption offered by IAS 12. This applies in particular to leases and decommissioning costs for which both an asset and a liability must be recognized and which will henceforth have to give rise to the recognition of deferred taxes. Since the date of first-time application of IFRS 16, the Group has not recognized deferred taxes on the initial recognition of leases, insofar as the value of the asset is equal to that of the liability. Subsequently, subsequent net temporary differences arising from changes in the amounts recognized for the right of use and the lease liability result in the recognition of deferred tax. These amendments therefore have no effect on the consolidated financial statements of Groupe BPCE.

2.3 - Use of estimates and judgments

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 2022, 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 tests (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 2021. The consolidated financial statements of the Group for the financial year ended 31 December 2022 were approved by the Board of Directors on 16 February 2023. They will be submitted for the approval of the General Meeting of Shareholders on 31 May 2023.

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.

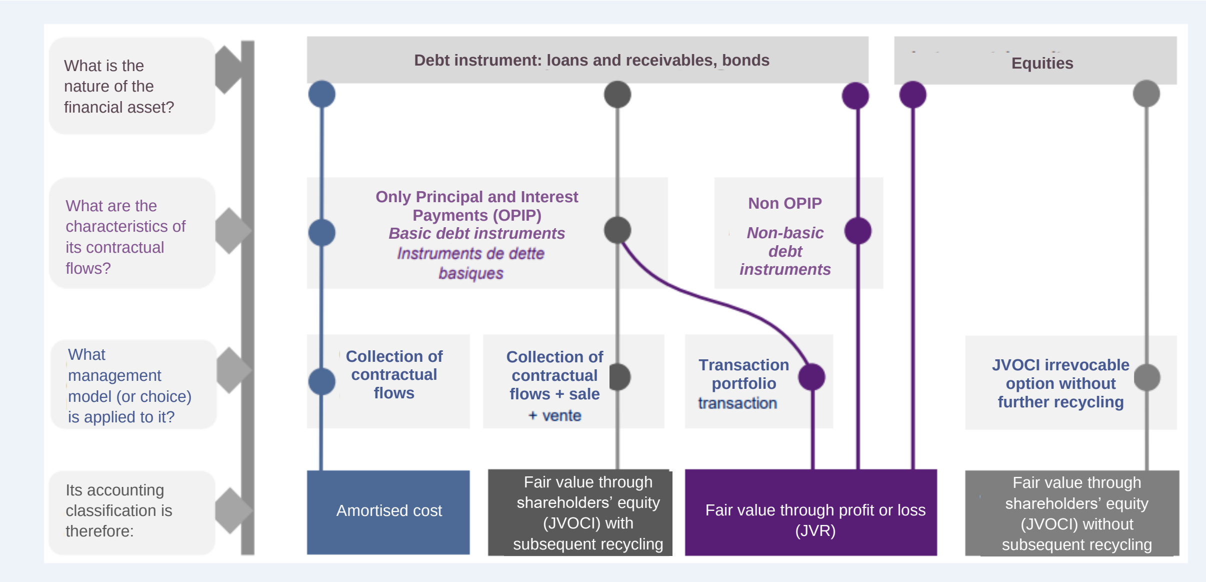
2.5 - General Accounting policies and valuation methods

The general Accounting policies presented below apply to the principal items in the financial statements. The specific Accounting policies 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 Groupe BRED with the exception of the insurance subsidiaries which apply IAS 39 until 31 December 2022 (see §2.2 on the application of IFRS 17).

On initial recognition, financial assets are classified as at amortized cost, fair value through equity or fair value through profit or loss depending on the nature of the instrument (debt or equity), the characteristics of their contractual flows and the way in which the entity manages its financial instruments (management or *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, the following can be cited:

- How the performance of financial assets is evaluated and reported 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 on contractual cash flows received) ;
- Frequency, volume and pattern for 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 identifies 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);

Groupe BRED applies the collection and sale model essentially to the part of the liquidity reserve's securities portfolio management activities that is not managed exclusively on a collection basis.

- 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.

Typing of contractual flows: how to determine the basic character or SPPI (Solely Payments of Principal and Interest)

A financial asset is "basic" if the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely payments of principal and interest on the outstanding amount due. The determination of whether a financial asset is basic 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. As an example:

- Events that would change the amount and timing of 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 characteristics of the applicable rates (e.g., 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 repayment and extension terms.

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.

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 centralized 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 securitization vehicle must meet specific conditions. The contractual terms of the tranche must fulfill the basic criteria. The pool of underlying assets must fulfill 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 within a business model whose 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 the following two 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 classified at fair value through profit or loss. These financial assets include financial assets held for trading, financial assets designated at fair value through profit or loss and non-basic assets (non-SPI). 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 eliminates distortions arising from different valuation rules applied 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 recognized at fair value through profit or loss where it is not by nature a basic debt.

With respect to financial liabilities, the classification and measurement rules set out in IAS 39 are carried forward unchanged in IFRS 9, with the exception of those applicable to financial liabilities that the entity chooses to measure at fair value through profit or loss (fair value option), for which revaluation differences related to changes in the entity's own credit risk are recorded as gains and losses recognized directly in equity without subsequent reclassification to profit or 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 recognized at amortized 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 accounting rules depend on the monetary or non-monetary nature of the items contributing to the Group's foreign currency transactions.

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 recognized. The resulting exchange differences are recognized in the income statement. However, there are two exceptions to this rule:

- Only the portion of the foreign exchange gains or losses calculated based on the amortized cost of financial assets at fair value through equity is recognized in income, with any surplus being recognized "Gains and losses recognized directly in other comprehensive income";
- Exchange differences on monetary items designated as cash flow hedges or forming part of a net investment in a foreign entity are recognized in "Gains and losses recognized directly in equity".

The non-monetary items recognized at historic cost are valued at the exchange rate on the day of the transaction. Non-monetary items recognized 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 recognized in profit or loss if gains or losses relating to the items are recorded in profit or loss, and in "Gains and losses recognized 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 SA.

3.2 - Scope of consolidation – Consolidation and valuation methods

The Group's financial statements include the financial statements of all entities whose consolidation has a material impact on the group financial statements and over which the consolidating entity exercises control or significant influence.
The scope of consolidation of Groupe BRED is provided in note 14 - Details of the scope of consolidation.

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.

In assessing control, the scope of voting rights taken into account includes potential voting rights that may be exercised or converted at any time. 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.

Special case of structured entities

Entities described as structured entities are those organized 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

A subsidiary is fully consolidated in the Group's financial statements from the date on which the Group takes control and ends on the date on which the Group loses control of that 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 recognized 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 noncontrolling interests.

Changes in the percentage of interest in subsidiaries that do not result in a change of control are treated as equity transactions.

The effects of these transactions are recognized in equity for their amount net of tax and therefore have no impact on the consolidated income (group share).

Exclusion from the scope of consolidation

Non-material controlled entities are excluded from the scope of consolidation in accordance with the principle indicated in note 14.5.

The Group's pension funds and mutual insurance companies are excluded from the scope of consolidation insofar as IFRS 10 does not apply to post-employment benefit plans or other long-term employee benefit plans to which IAS 19 "Employee Benefits" applies.

Similarly, investments acquired with a view to subsequent disposal in the near future are classified as held for sale and accounted for 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 exercises significant influence. Significant influence is defined as the power to participate in decisions about the financial and operating policies of the entity, but not to exercise control or joint control over those policies. Significant influence is presumed to exist if the group holds, directly or indirectly, more than 20% of the voting rights.

A joint venture is a partnership in which the parties that have joint control over the entity have rights to the net assets of the entity.

Joint control is characterized by the contractually agreed sharing of control over an enterprise that exists only where decisions regarding the relevant activities require the unanimous consent of the parties sharing control.

Equity method

The income, assets and liabilities of investments in associates or joint ventures are included in the consolidated financial statements of the Group using the equity method.

An investment in an associate or a joint venture is initially recognized 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 recognizable assets and liabilities is recognized as goodwill. If the net fair value of the recognizable assets and liabilities of the entity is higher than the investment cost, the difference will be recognized 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 recognized up to the level of the interests held by third parties in the associate or joint venture.

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

Exception to the equity method

When the investment is held by a venture capital organization, an investment fund, an open-ended investment company or a similar entity such as an insurance asset investment fund, the investor may elect not to account for its investment using the equity method. In this case, the revised IAS 28 "Investments in Associates" allows the investor to account for its investment at fair value (with changes in fair value recognized in profit or loss) in accordance with IFRS 9.

When the investment is held by a venture capital organization, 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 recognize the investment using the equity method. Indeed, revised IAS 28 “Investments in associates” authorizes the investor to recognize the investment at its fair value (with changes in fair value recognized in income) under IFRS 9.

These investments are therefore classified under "Financial assets at fair value through profit or loss".

3.2.3 - Interests in joint ventures

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 recognized directly in equity.

3.3 - Consolidation rules

The consolidated financial statements are prepared using uniform accounting policies for similar transactions in similar circumstances. Significant restatements 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 result from the difference between:

- 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 reciprocal 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 in the scope of IFRS 3;
- Costs directly linked to business combinations are recognized in profit 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 recognized against:
    - Capital and subsequent price revisions will not result in any recording,
    - Or liabilities and later adjustments are recognized 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.

Regardless of the choice made at the time of acquisition of control, increases in the percentage of interest in an entity already controlled are systematically recognized 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. 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 - Commitments to buy out 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 accounted for 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 recognized 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 exercised leads to the same accounting treatment as that applied to transactions involving non-controlling interests. Consequently, the counterpart of this liability is recorded as a deduction from "Non-controlling interests" underlying the options and the balance as a deduction from "Retained earnings - 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 recognized 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, the results of non-controlling interests subject to put options are presented in the "Non-controlling interests" section of 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 year 2022

The main changes in the scope of consolidation during fiscal year 2022 are as follows:

- Exit of Click and Trust (TUP) and BRD Chongqing (liquidation);
- The percentage of control of SBE increased from 50% to 90%, following the issuance of call and put options between the two shareholders of SBE;
- SBE is now fully consolidated.

In 2022, the number of consolidated companies will be 36, of which 31 will be fully consolidated and five accounted for by the equity method.

3.5 - Goodwill

3.5.1 - Value of goodwill

Goodwill arising on transactions during the year is analyzed in the note on the scope of consolidation.

Goodwill is nil at 31 December 2022, as it was at 31 December 2021.

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 - Changes 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;
- Net gains or losses arising from the derecognition of financial assets at amortized 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 recognized in the income statement for all financial instruments measured at amortized cost using the effective interest rate method, namely interbank and customer loans, the portfolio of securities at amortized 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 future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or 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

Negative interest is presented as follows:

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

in thousands of euros	Financial year 2022			Financial year 2021		
	Interest income	Interest expense	Net	Interest income	Interest expense	Net
Loans due from credit institutions (1)	178,113	-267,837	-89,724	121,286	-100,087	21,199
Loans due from customers	832,981	-296,785	536,196	669,536	-85,384	584,152
Bonds and other debt securities held/issued	74,961	-70,650	4,311	73,130	-5,527	67,603
Subordinated debt	///	0	0	///	0	0
Rental liabilities	///	-458	-458	///	-354	-354
Financial assets and liabilities at amortized cost (excluding finance leases)	**1,086,055**	**-635,730**	**450,325**	**863,952**	**-191,352**	**672,600**
Finance leasing operations	**10,408**	**0**	**10,408**	**9,315**	**0**	**9,315**
Debt securities	626,040	///	626,040	448,808	///	448,808
Other	0	///	0	0	///	0
Financial assets at fair value through equity	**626,040**	**///**	**626,040**	**448,808**	**///**	**448,808**
Total financial assets and liabilities at amortized cost and at fair value per equity (1)	**1,722,503**	**-635,730**	**1,086,773**	**1,322,075**	**-191,352**	**1,130,723**
Non-standard financial assets not held for trading	**634**	**///**	**634**	**177**	**///**	**177**
Hedging derivatives	**157,747**	**-647,621**	**-489,874**	**163,047**	**-596,677**	**-433,630**
Derivatives for economic hedging	**1,659**	**-1,468**	**191**	**1,769**	**-1,205**	**564**
Total interest income and expenses	**1,882,543**	**-1,284,819**	**597,724**	**1,487,068**	**-789,234**	**697,834**

(1) Interest income on loans and advances to credit institutions includes €26.201 million (€11.269 million in 2021) in interest on Livret A, LDD and LEP funds centralized at the Caisse des Dépôts et Consignations.

Interest expense on special savings accounts is nil due to the net reversal (income) of the provision for home savings products in the amount of €1.3 million (€2.2 million of net allocation for financial year 2021).

4.2 - 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 recognized 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 contracts that an entity enters into with its customers, with the exception of leases (covered by IFRS 16), insurance contracts (covered by IFRS 4) and financial instruments (covered by IFRS 9). If specific provisions on contract revenues or costs are provided for in another standard, these apply first.

In view of the group's activities, the following are mainly concerned by this method:

- Fee and commission income, in particular that relating to banking services where such income is not included in the effective interest rate, or that relating to asset management or financial engineering services;
- Income from other activities (see note 4.6), particularly in the case of services provided under lease contracts;
- Banking services rendered with the participation of group partners.

This means that commissions are recorded according to the type of service rendered and the accounting treatment of the financial instruments to which the service related.

This item includes fees for ongoing services (commission on payment instruments, securities custody fees, etc.), occasional services (fund transfers, payment incident penalties, etc.), the execution of an important act, 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.

Commissions on services

Service fees are analyzed 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 recognize the associated financial instrument:

- Commissions payable on recurring services are deferred in the income statement over the duration of the service rendered (commission on payment instruments, securities custody fees, etc.);
- Commissions payable on occasional services are recognized 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 recognized 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 recognized and amortized as an adjustment to the loan's effective return over its estimated life. These fees are therefore included in "Interest income" and not in "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.

	Financial year 2022			Financial year 2021		
in thousands of euros	Income	Expenses	Net	Income	Expenses	Net
Interbank and cash transactions	9,943	-485	9,458	9,795	-411	9,384
Customer transactions	184,077	-1,134	182,943	169,253	-1,496	167,757
Financial services	42,435	-10,749	31,686	39,195	-12,209	26,986
Sales of life insurance products	4,942	///	4,942	3,716	///	3,716
Payment services	261,352	-137,344	124,008	225,158	-110,822	114,336
Securities transactions	10,289	0	10,289	11,884	0	11,884
Fiduciary services	5,798	///	5,798	3,326	///	3,326
Financial instrument and off-balance sheet transactions	55,925	-10,459	45,466	51,059	-13,261	37,798
Other commissions	13,118	-2,613	10,505	9,090	-1,369	7,721
TOTAL FEES AND COMMISSIONS	**587,879**	**-162,784**	**425,095**	**522,476**	**-139,568**	**382,908**

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 recognized 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	Financial year 2022	Financial year 2021
Gains or losses on financial instruments compulsorily measured at fair value through profit or loss (1)	146,350	126,524
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	36,791	-4,066
- Ineffective portion of cash flow hedges (CFH)	*0*	*0*
- Ineffective portion of fair value hedges (FVH)	*36,791*	*-4,066*
Change in fair value hedge	*821,547*	*9,694*
Change in hedged item	*-784,756*	*-13,760*
Gains or losses on foreign exchange transactions	199,028	91,486
Total net gains and losses on financial instruments at fair value through profit or loss	**382,168**	**213,944**

(1) including economic hedging

(1) Including economic exchange rate hedging.

The line "Gains and losses on financial instruments required to be measured at fair value through profit or loss" includes the following for fiscal year 2022:

- The change in fair value of derivatives which are:
  - Either held for trading purposes,
  - Or economic hedging derivatives that do not meet the restrictive criteria required by IAS 39;
- The change in the fair value of derivatives was subject to an impact of +€1.353 million due to changes to the Credit Valuation Adjustment (CVA).

Initial margin (day one profit)

Not applicable as of 12/31/2022.

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 the value of basic debt instruments managed under the hold and sell business model at fair value through equity are comprised of:

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

in thousands of euros	Financial year 2022	Financial year 2021
Net gains or losses on debt instruments	39,550	13,981
Net gains or losses on equity instruments (dividends)	55,855	41,766
Total profit and loss on financial assets at fair value through equity	**95,405**	**55,747**

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

Accounting policies

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

	Financial year 2022			Financial year 2021		
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	761	0	761	2,068	0	2,068
Debt securities	0	0	0	0	0	0
Gains and losses on financial assets at amortized cost	**761**	**0**	**761**	**2,068**	**0**	**2,068**
Amounts due to credit institutions	0	0	0	0	0	0
Amounts due to customers	0	0	0	0	0	0
Debt securities	710	-68	642	876	-3	873
Subordinated debt	0	0	0	0	0	0
Gains and losses on financial liabilities at amortized cost	**710**	**-68**	**642**	**876**	**-3**	**873**
Total net gains or losses resulting from the derecognition of financial assets at amortized cost	**1,471**	**-68**	**1,403**	**2,944**	**-3**	**2,941**

4.6 - Income and expenses from other activities

Accounting policies

Income and expenses from other activities include:

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

in thousands of euros	Financial year 2022 Income	Expenses	Net	Financial year 2021 Income	Expenses	Net
Income and expenses on real estate activities	**0**	**0**	**0**	**0**	**0**	**0**
Income and expenses on leasing transactions	**2,375**	**0**	**2,375**	**1,832**	**0**	**1,832**
Income and expenses on investment properties	**0**	**-229**	**-229**	**0**	**-217**	**-217**
Share of joint ventures	*4,835*	*0*	*4,835*	*4,606*	*-29*	*4,577*
Transfers of expenses and income	*1,647*	*-30*	*1,617*	*1,247*	*-11*	*1,236*
Other operating income and expenses	*8,374*	*-24,007*	*-15,633*	*8,930*	*-39,070*	*-30,140*
Charges to and reversals from provisions booked to other operating income and expenses	*/// *	*-578*	*-578*	*/// *	*-5,139*	*-5,139*
Other banking operating income and expenses (1)	**14,856**	**-24,615**	**-9,759**	**14,783**	**-44,249**	**-29,466**
TOTAL INCOME AND EXPENSE FROM OTHER ACTIVITIES	**17,231**	**-24,844**	**-7,613**	**16,615**	**-44,466**	**-27,851**

(1) As a reminder, in 2021, income of €4.91 million was recognized under "Income from other activities" in respect of the Image and Check Exchange (EIC) fine following the favorable decision handed down by the Court of Appeal on 2 December 2021. In view of the uncertainty and history of the case (see Legal risks in the Risk Management section), a provision for an equivalent amount has been recorded under "Other operating expenses".

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

4.7 - General 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 terms and conditions for the constitution of the deposit guarantee and resolution fund were amended by an order of 27 October 2015. For the deposit guarantee fund, the cumulative amount of contributions paid by the Group to the fund in respect of deposit, guarantee and securities mechanisms represented €58.5 million. Cumulative contributions (non-refundable contributions in the event of voluntary withdrawal of approval) amounted to €13.1 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 €45.4 million at 31 December 2022.

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 2022.

The amount of contributions paid stands at €38 million for the financial year, of which €32.3 million was recognized as an expense and €5.7 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 €26.7 million at 31 December 2022.

in thousands of euros	Financial year 2022	Financial year 2021
Personnel costs	**-527,286**	**-482,316**
Taxes, duties and regulatory contributions (1)	-74,601	-58,529
External services and other operating expenses (3)	-208,579	-186,425
Rental expenses	-8,826	-8,381
Other administrative expenses	-292,005	-253,334
TOTAL OPERATING EXPENSES	-819,290	-735,650

(1) Taxes and regulatory contributions include in particular the contribution to the FRU (Fonds de Résolution Unique) for an annual amount of €32.3 million in 2022, compared to €27.8 million in 2021.

The breakdown of personnel costs is presented in note 8.1.

In 2022, 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 NBI contributions amounted to €18.1 million in 2022 and the amount of contributions in operating expenses amounted to €29 million in 2022 compared to €25.7 million in 2021.

4.8 - Gains or losses on other assets

Accounting policies

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

in thousands of euros	Financial year 2022	Financial year 2021
Gains or losses on disposals of tangible and intangible operating assets	373	19
Gains or losses on sales of and provisions for consolidated investments	766	703
TOTAL GAINS OR LOSSES ON OTHER ASSETS	**1,139**	**722**

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 amortized cost.

in thousands of euros	12/31/22	12/31/21
Cash	277,076	263,687
Central banks	33,535,218	475,137
TOTAL CASH AND AMOUNTS DUE FROM CENTRAL BANKS	**33,812,294**	**738,824**

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 of securities

The securities are recorded in the balance sheet on the settlement 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.

In the event of a partial disposal of a line of securities, the "first in, first out" method is used, except in special 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 recognized 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 recognized at fair value though profit or loss on first recognition. This decision is irrevocable.

Compliance with the conditions set out in the standard must be verified prior to recording an instrument under 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.

	12/31/22				12/31/21			
	Financial assets compulsorily measured at fair value through profit or loss		Financial assets designated at fair value through profit or loss by option (1)		Financial assets compulsorily measured at fair value through profit or loss		Financial assets designated at fair value through profit or loss on option (1)	
in thousands of euros	Financial assets associated with a trading activity	Other financial assets (3)		Total	Financial assets associated with a trading activity	Other financial assets (3)		Total
Treasury bills and similar securities	1,213,271	0	0	1,213,271	2,960,237	0	0	2,960,237
Bonds and other debt securities	1,458,936	665,540	0	2,124,476	1,798,149	586,588	0	2,384,737
Debt securities	**2,672,207**	**665,540**	**0**	**3,337,747**	**4,758,386**	**586,588**	**0**	**5,344,974**
Loans to credit institutions excluding repurchase agreements	0	127,909	0	127,909	0	125,029	0	125,029
Loans to customers excluding repurchase agreements	0	0	0	0	0	0	0	0
Repurchase transactions (2)	0	0	0	0	0	0	0	0
Loans	***0***	***127,909***	***0***	***127,909***	***0***	***125,029***	***0***	***125,029***
Equity instruments	***2,170,833***	***3,443***	***///***	***2,174,276***	***3,522,323***	***10,511***	***///***	***3,532,834***
Transaction derivatives (1)	**2,570,486**	***///***	***///***	**2,570,486**	**1,616,914**	***///***	***///***	**1,616,914**
Security deposits paid	**0**	***///***	***///***	**0**	**0**	***///***	***///***	**0**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	**7,413,526**	**796,892**	**0**	**8,210,418**	**9,897,623**	**722,128**	**0**	**10,619,751**

(1) Only in the case of an "accounting mismatch".
(2) The information is presented taking into account the effects of offsetting in accordance with IAS 32 (see note 5.23).
(3) Includes non-basic assets that are not part of a trading activity, such as fund units and shares not designated at fair value through equity that cannot be recycled.

The item "Trading derivatives" includes derivatives with a positive fair value which are:

- Either held for trading purposes ;
- Or economic hedging derivatives that do not meet the restrictive accounting hedge criteria required by IAS 39.

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 for applying this option are described above.

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 recorded 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 recognized directly in equity". In the event of derecognition of the financial liability before its maturity (e.g. early redemption), the realized 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 under option

Under IFRS 9, financial liabilities may be recognized 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;

The application of the option eliminates distortions arising from different valuation rules applied to instruments managed within the same 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 this management is based on a documented risk management policy or investment strategy and that the internal monitoring is based on a fair value measurement.

- Compound financial instruments with 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, recognize or measure separately the embedded derivative.

This treatment applies in particular to certain structured issues with significant embedded derivatives.

	12/31/22			12/31/21		
in thousands of euros	Financial liabilities issued for trading	Financial liabilities designated at fair value by option	Total	Financial liabilities issued for trading	Financial liabilities designated at fair value by option	Total
Short sales	816,358	///	816,358	1,341,509	///	1,341,509
Trading derivatives	2,607,753	///	2,607,753	1,251,989	///	1,251,989
Interbank term accounts and loans	- 0	- 0	- 0	- 0	- 0	- 0
Customer term accounts and loans	- 0	- 0	- 0	- 0	- 0	- 0
Non-subordinated debt securities	- 0	- 0	- 0	- 0	- 0	- 0
Subordinated debt	///	- 0	- 0	///	- 0	- 0
Repurchase agreements	- 0	///	- 0	- 0	///	- 0
Guarantee deposits received	- 0	///	- 0	- 0	///	- 0
Other	///	- 0	- 0	///	- 0	- 0
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**3,424,111**	**- 0**	**3,424,111**	**2,593,498**	**- 0**	**2,593,498**

The item "Trading derivatives" includes derivatives with a negative fair value which are:

- Either held for trading purposes ;
- Or economic hedging derivatives that do not meet the restrictive accounting hedge criteria required by IFRS 9.

5.2.3 - Trading derivatives

Accounting policies

A derivative is a financial instrument or other contract that has the following three characteristics:

- Its value fluctuates in accordance with changes in an 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;
- It 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 recorded in the balance sheet on the trade date at their fair value at inception of the transaction. At each balance sheet date, they are measured at their fair value, regardless of the management intention behind their holding (trading or hedging).

Trading derivatives are recorded in the balance sheet under "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss". Realized and unrealized gains and losses are recorded 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 only an indication of the volume of activity 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.

	12/31/22			12/31/21		
in thousands of euros	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value
Interest rate instruments	91,831,577	1,425,744	1,555,965	102,354,212	649,167	866,208
Equity instruments	38,150,369	136,283	187,939	28,980,266	120,716	66,745
Currency instruments	36,517,927	270,473	712,166	32,973,604	492,195	279,247
Other instruments	0	0	0	0	0	0
Firm transactions	166,499,873	1,832,500	2,456,070	164,308,082	1,262,078	1,212,200
Interest rate instruments	6,828,805	138,875	137,487	4,222,809	12,991	10,605
Equity instruments	2,518,777	592,490	5,824	1,381,413	339,887	23,366
Currency instruments	542,989	5,584	6,274	294,815	26	2,223
Other instruments	0	0	0	0	0	0
Options	9,890,571	736,949	149,585	5,899,037	352,904	36,194
Credit derivatives	189,345	1,037	2,098	150,268	1,932	3,595
TOTAL TRADING DERIVATIVES	176,579,789	2,570,486	2,607,753	170,357,387	1,616,914	1,251,989
of which organized markets	*142,112,667*	*1,977,995*	*2,601,427*	*27,255,595*	*339,887*	*23,687*
of which OTC transactions	*34,467,122*	*592,491*	*6,326*	*143,101,792*	*1,277,027*	*1,228,302*

5.3 - Hedging instruments

Accounting policies

A derivative is a financial instrument or other contract that has the following three characteristics:

- Its value fluctuates in accordance with changes in an 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;
- It 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 recorded in the balance sheet on the trade date at their fair value at inception of the transaction. At each balance sheet date, they are measured at their fair value, regardless of the management intention behind their holding (trading or hedging).

With the exception of derivatives qualifying for accounting purposes as cash flow hedges or net investment hedges denominated in foreign currencies, changes in fair value are recognized in the income statement for the period.

Derivatives qualifying as hedges are those that meet the conditions required by IAS 39 at the inception of the hedging relationship and throughout its term. 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 include hedges of fixed-rate loans, securities, deposits and subordinated debt.

Fair value hedging is also used for the overall management of 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.

In order to qualify a derivative instrument as a hedging instrument for accounting purposes, the hedging relationship must be documented from the outset (hedging strategy, nature of the risk hedged, designation and characteristics of the hedged item and the hedging instrument). Furthermore, the effectiveness of the hedge must be demonstrated at inception and verified retrospectively.

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

BPCE Group, and therefore Groupe BRED, 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 hedging is intended to reduce the risk of changes in the fair value of a balance sheet asset or liability or of a firm commitment (in particular, hedging the interest rate risk of fixed-rate assets and liabilities).

The revaluation of the derivative is recorded in the income statement symmetrically to the revaluation of the hedged item, up to the amount of the hedged risk. Any ineffectiveness of the hedge is recognized 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 is recognized in the income statement on a symmetrical basis with the accrued interest on the hedged item.

Where identified assets or liabilities are hedged, the revaluation of the hedged component is recognized on the same line of the balance sheet as the hedged item.

The ineffectiveness relating to dual-curve valuation of collateralized derivatives is taken into account in the measurement of effectiveness.

If the hedging relationship is discontinued (due to a management decision, failure to meet the effectiveness criteria or sale of the hedged item before maturity), the hedging derivative is transferred to the trading portfolio. The revaluation amount recorded in the balance sheet for the hedged item is amortized over the remaining life of the original hedge. If the hedged item is sold before maturity or prepaid, the cumulative revaluation amount is recognized in the income statement 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 recognized 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 is recorded on a specific line of "Gains or losses recognized directly in equity", while the ineffective portion is recognized 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 is recognized in the income statement under interest margin, symmetrically to the accrued interest on the hedged item.

Hedged instruments remain accounted for in accordance with the rules applicable to their accounting category.

If the hedging relationship is discontinued (due to failure to meet the effectiveness criteria or sale of the derivative or disappearance of the hedged item), the cumulative amounts recorded in equity are transferred to the income statement when the hedged transaction itself affects the income statement, or immediately to the income statement when the hedged item disappears.

Special cases of portfolio hedging (macrohedges)

- ***Cash flow hedging documentation***

Some Group institutions document their macro-hedging of interest rate risk as cash flow hedges (hedging of loan or borrowing portfolios).

In this case, the portfolios of outstandings that can be hedged are assessed, for each maturity band, by taking into account:

- 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 can be considered highly probable (forecasts): in the case of a constant outstanding amount assumption, the entity bears a risk of variability of future cash flows on a future fixed-rate loan insofar as the level of interest rate at which the future loan will be granted is not known; similarly, the entity may consider that it bears a risk of variability of future cash flows on a refinancing that it will have to carry out in the market.

IAS 39 does not permit the designation of a net position by maturity band. The hedged item is therefore considered to be equivalent to a portion of one or more identified portfolios of variable-rate instruments (portion of outstanding variable-rate assets or liabilities); the effectiveness of the hedges is measured by creating a hypothetical instrument for each maturity band, whose changes in fair value since inception are compared 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.

In this context, at each closing, the changes in the fair value of the hedging derivatives are compared with those of the hypothetical instruments. The ratio of their respective changes should be between 80% and 125%.

If the hedged instrument is sold or the future transaction is no longer highly probable, the cumulative unrealized gains or losses recognized in equity are transferred immediately to profit or loss.

When the hedging relationship is terminated, if the hedged item is still recognized in the balance sheet or if its occurrence is still highly probable, the cumulative unrealized gains or losses recorded in equity are amortized on a straight-line basis. If the derivative has not been terminated, it is reclassified as a trading derivative and subsequent changes in fair value are recognized in the income statement.

- ***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 by the European Union does not include certain hedge accounting provisions that appear incompatible with the strategies implemented by European banks to reduce their overall interest rate risk. In particular, the EU *carve-out* allows hedge accounting for interbank interest rate risk associated with fixed-rate transactions with customers (loans, savings accounts, customer demand deposits). The macro-hedging instruments used by the Group are mainly simple interest rate swaps designated at inception as fair value hedges of fixed-rate assets and liabilities.

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 recorded globally in the item "Revaluation reserve for portfolios hedged against interest rates", as an asset in the case of a portfolio of financial assets, or as a liability in the case of a portfolio of financial liabilities.

Hedges are effective when the derivatives offset the interest rate risk of the portfolio of hedged fixed-rate underlyings. Ineffectiveness related to the dual-curve valuation of collateralized derivatives is taken into account.

Two efficiency tests are performed:

- A base test: for simple swaps designated as hedges at inception, it is verified prospectively at the date of designation of the hedging relationship, and then retrospectively at each closing date, that there is no overhedging;
- A quantitative test: for other swaps, the change in fair value of the actual swap must offset the change in fair value of a hypothetical instrument that perfectly reflects the hedged component of the underlying. These tests are performed prospectively at the date of designation and retrospectively at each balance sheet date.

If the hedging relationship is discontinued, the difference is amortized on a straight-line basis over the remaining term of the hedge if the hedged item has not been derecognized. It is recognized directly in the income statement if the hedged instruments are no longer included in the balance sheet. Macro-hedging derivatives may be derecognized when the nominal value of the hedged instruments falls below the nominal amount of the hedges, in particular as a result 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 consolidating entity's interest in the net assets of that operation.

The purpose of hedging a net investment in a foreign operation is to protect the consolidating entity against exchange rate fluctuations of an investment in an entity whose functional currency is different from the presentation currency of the consolidated financial statements. This type of hedge is accounted for in the same manner as cash flow hedges.

Unrealized gains or losses recognized in equity are transferred to the income statement upon disposal (or partial disposal with loss of control) of all or part of the net investment.

The notional amount of financial instruments is only an indication of the volume of activity and does not reflect the market risks attached to these instruments.

in thousands of euros	12/31/22 Notional amount	12/31/22 Positive fair value	12/31/22 Negative fair value	12/31/21 Notional amount	12/31/21 Positive fair value	12/31/21 Negative fair value
Interest rate instruments	24,747,156	648,644	514,256	29,146,145	76,057	600,477
Equity instruments	0	0	0	0	0	0
Currency instruments	648,624	1,760	44,998	542,174	5,433	2,128
Other instruments	0	0	0	0	0	0
Firm transactions	**25,395,780**	**650,404**	**559,254**	**29,688,319**	**81,490**	**602,605**
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 hedge	**25,395,780**	**650,404**	**559,254**	**29,688,319**	**81,490**	**602,605**
Interest rate instruments	1,525,492	85,976	64,438	3,743,322	11,240	4,241
Equity instruments	0	0	0	0	0	0
Currency instruments	1,441,634	22,398	31,329	645,292	6,839	5,467
Other instruments	0	0	0	0	0	0
Firm transactions	**2,967,126**	**108,374**	**95,767**	**4,388,614**	**18,079**	**9,708**
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	**2,967,126**	**108,374**	**95,767**	**4,388,614**	**18,079**	**9,708**
Credit derivatives	**0**	**0**	**0**	**0**	**0**	**0**
Hedges of net investments in foreign operations	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL HEDGING DERIVATIVES	**28,362,906**	**758,778**	**655,021**	**34,076,933**	**99,569**	**612,313**

All hedging derivatives are presented in the "Hedging derivatives" item on the assets and liabilities side of the balance sheet.

Foreign exchange swaps are documented as both fair value hedges and currency cash flow hedges. The overall fair value is nevertheless presented in currency derivatives. These derivatives are presented as currency 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.

Maturity of notional amount of hedging derivatives as of 31 December 2022

In thousands of euros	inf 1 year	1 to 5 years	6 to 10 years	over 5 years
Interest rate hedging	**6,594,947**	**18,615,390**	**1,002,311**	**60,000**
Cash flow hedging instruments	25,000	1,239,492	261,000	0
Fair value hedging instruments	6,569,947	17,375,898	741,311	60,000
	0	0	0	0
Foreign exchange hedging	**1,130,000**	**931,233**	**29,025**	**0**
Cash flow hedging instruments	1,130,000	311,634	0	0
Fair value hedging instruments	0	619,599	**29,025**	0
Coverage 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***
	0	***0***	***0***	***0***
Total	**7,724,947**	**19,546,623**	**1,031,336**	**60,000**

Foreign exchange swaps are documented as both fair value hedges and cash flow hedges. The overall fair value is nevertheless 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.

Items covered

- ***Fair value hedge***

In thousands of euros	Fair value hedge At 31 December 2022								
	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 recognized (2)	Carrying amount	Carrying amount	Hedged component remaining to be recognized (2)	Carrying amount	O/w revaluation of the hedged component (1)	Hedged component remaining to be recognized (2)
Assets									
Financial assets at fair value through equity	**10,585,557**	**- 614,055**	**-**	**679,358**	**- 11,509**	**-**	**-**	**-**	**-**
Loans or receivables due from credit institutions	-	-	-	-	-	-	-	-	-
Loans or receivables due from customers	-	-	-	-	-	-	-	-	-
Debt securities	10,585,557	- 614,055	-	679,358	- 11,509	-	-	-	-
Shares and other equity instruments	-	-	-	-	-	-	-	-	-
Financial assets at amortized cost	**17,000**	**-**	**-**	**343,900**	**- 9,936**	**-**	**-**	**-**	**-**
Loans or receivables due from credit institutions	17,000	-	-	-	-	-	-	-	-
Loans or receivables due from customers	-	-	-	-	-	-	-	-	-
Debt securities	-	-	-	343,900	- 9,936	-	-	-	-
Liabilities									
Financial liabilities at amortized cost	**20,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Amounts due to credit institutions	-	-	-	-	-	-	-	-	-
Amounts due to customers	20,000	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-
Total	**10,622,557**	**- 614,055**	**-**	**1,023,258**	**- 21,445**	**-**	**-**	**-**	**-**

(1) Accrued interest excluded.
(2) De-qualification, end of hedging relationship.

In thousands of euros	Fair value hedge 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 recognized (2)	Carrying amount	O/w revaluation of the hedged component (1)	Hedged component remaining to be recognized (2)	Carrying amount	O/w revaluation of the hedged component (1)	Hedged component remaining to be recognized (2)
Assets									
Financial assets at fair value through 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 amortized 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 amortized 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) Accrued interest excluded.
(2) De-qualification, end of hedging relationship.

As part of its market activities and asset and liability management, BRED Banque Populaire holds securities denominated in euros and dollars whose remuneration is indexed to inflation. In order to limit its exposure to the various risks generated by these securities, BRED has contracted derivatives. These transactions follow the standard hedge accounting rules described in note 5.3.

The ineffective portion of the hedge for the period is presented in note 4.3 "Gains and losses on financial assets and liabilities at fair value through profit or loss".

- ***Cash flow hedges – Hedges of net investments in foreign operations***

In thousands of euros	Fair value of hedging derivative	Of which effective portion of unmatured hedges (1)	Of which ineffective part	Outstanding hedge balance (*)	Fair value of the hedged item (hypothetical derivative)
	12/31/22				
Interest rate risk hedging	21,538	21,538	- 0	- 0	-41,915
Currency risk hedging	-8,931	-8,931	- 0	- 0	52
Coverage of other risks		- 0	- 0	- 0	- 0
Total - Coverage of cash flow and net investments in foreign currencies	***12,607***	***12,607***	***- 0***	***- 0***	***-41,863***

(1) Of which ICNE of cash flow hedges for an amount of €12.02 million.
Recognized in other items recognized in equity or in profit or loss for the portion recycled to match the hedged item.
(*) De-qualification, end of the hedging relationship.

In thousands of euros	Fair value of hedging derivative	Of which effective portion of unmatured hedges (1)	Of which ineffective portion	Balance of matured hedges remaining to be recognised	Fair value of the hedged item (hypothetical derivative)
	12/31/21				
Interest-rate hedging	6,999	6,999	- 0	- 0	-6,755
Foreign exchange hedging	1,372	1,372	- 0	- 0	438
Hedging of other risks		- 0	- 0	- 0	- 0
Total - Cash flow hedges and hedges of net investments in foreign operations	***8,371***	***8,371***	***- 0***	***- 0***	***-6,317***

(1) Of which ICNE from cash flow hedges for an amount of €1.3 million.
Recognized in other items recognized in equity or in profit or loss for the portion recycled to match the hedged item.
(*) De-qualification, end of the hedging relationship.

The ineffective portion of the hedge is recorded in the income statement under "Gains and losses on financial assets and 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.

The recycling of the "Cash flow hedge" reserve to the income statement 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 recognized in equity***

Scoping of OCI In thousands of euros	1/1/22	Change in the effective portion	Reclassification of the effective portion in profit or loss	Adjustment basis – nonfinancial item (*)	Hedged item partially or totally extinguished	12/31/22
Amount of equity for transactions in CFH	678	44,462	0			45,140
o/w interest-rate hedging	1,116	43,973				45,088
o/w foreign exchange hedging	-438	490				52
Amount of equity for transactions in NIH						
Total	**678**	**44,462**	**0**			**45,140**

Scoping of OCI in thousands of euros	1/1/21	Change in the effective portion	Reclassification of the effective portion in profit or loss	Adjustment basis – nonfinancial item (*)	Hedged item partially or totally extinguished	12/31/21
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**

5.4 - Financial assets at fair value through equity

Accounting policies

Financial assets at fair value through equity are initially recognized at fair value plus transaction costs.

- Debt instruments measured at fair value through equity - recyclable

At the balance sheet date, they are measured at fair value and changes in fair value (foot of coupon) are recorded as gains and losses recognized directly in recyclable equity (as foreign currency assets are monetary, changes in fair value of the foreign currency component affect income). The principles for determining fair value are described in note 10.

These instruments are subject to the impairment requirements of IFRS 9. Information on credit risk is presented in note 7.1. In the event of disposal, these changes in fair value are transferred to the income statement.
Accrued or earned income on debt instruments is recorded under "Interest and similar income" using the effective interest rate method. This method is described in note 5.5 - Assets at amortized cost.

- Equity instruments measured at fair value through equity that are not recyclable

At the balance sheet date, they are measured at fair value and changes in fair value are recorded as gains and losses recognized directly in non-recyclable equity (as foreign currency assets are non-monetary, changes in fair value of the foreign currency component do not affect income). The principles for determining fair value are described in note 10.

Fair value designation through non-recyclable equity is an irrevocable option that applies on an instrument-by-instrument basis only to equity instruments not held for trading. Unrealized and realized losses in value remain recognized in equity without ever affecting the result. These financial assets are not subject to impairment.

In the event of disposal, these changes in fair value are not transferred to the income statement but directly to the consolidated reserves item in equity.

Only dividends affect the result when 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	12/31/22	12/31/21
Loans or receivables due from customers	0	0
Debt securities	12,873,336	12,425,535
Shares and other equity securities (1)	1,228,156	1,338,212
Financial assets at fair value through equity	**14,101,492**	**13,763,747**
O/w impairment for expected credit losses	*-35,308*	*-3,119*
O/w gains and losses recognised directly in equity (before tax)	*-149,928*	*717,405*
- Debt instruments	*-112,702*	*556,711*
- Equity instruments	*-37,226*	*160,694*

(1) The details are given in the table below.

Equity instruments designated at fair value through equity

Accounting policies

Equity instruments designated as fair value through equity may be:

- Equity securities;
- Shares and other equity securities.

On initial recognition, equity instruments designated as at fair value through equity are measured at fair value plus transaction costs. At subsequent reporting dates, changes in the fair value of the instrument are recognized 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 recognized in income when the conditions are met.

in thousands of euros	12/31/22				12/31/21			
	Fair value	Dividends recognized over the period	Derecognition over the period		Fair value	Dividends recognized 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	846,254	42,845	20,710	- 5,421	1,049,910	36,825	8,702	- 7,679
Shares and other equity securities	381,902	13,011	19,717	- 2,922	288,302	4,942	178,951	- 8,451
TOTAL	**1,228,156**	**55,856**	**40,427**	**- 8,343**	**1,338,212**	**41,767**	**187,653**	**- 16,130**

Equity investments include strategic holdings, "tool" entities (e.g. IT) and certain long-term private equity investments. Since these investments are not intended to be sold, they are classified as equity instruments designated at fair value through equity.

The cumulative amount of changes in fair value reclassified to "Retained earnings" during the period relates to disposals and amounts to +€7.8 million as of 31 December 2022.

5.5 - Assets at amortized cost

Accounting policies

Assets at amortized cost are basic financial assets held in a collection model. The vast majority of the Group's loans are classified in this category. Information on credit risk is presented in note 7.1.

Financial assets at amortized cost include loans and advances to credit institutions and customers as well as securities at amortized cost such as government securities and 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 appropriate.

When loans are granted on below-market terms, a discount corresponding to the difference between the face value of the loan and the sum of future cash flows, discounted at the market rate, is deducted from the loan's face value. The market rate is the rate applied by the vast majority of financial institutions at a given point in time for instruments and counterparties with similar characteristics.

At subsequent reporting dates, these financial assets are measured at amortized cost using the effective interest rate method.

The EIR is the rate that discounts future cash flows to the initial carrying amount of the loan. This rate includes discounts, recognized when loans are granted at below-market conditions, as well as external transaction costs and revenues directly related to the origination of the loans and analyzed as an adjustment to the effective yield of the loan. No internal costs are taken into account in the calculation of amortized cost.

- ***Government-backed loans***

Government-backed loans (PGE) 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 scheme was extended until 30 June 2022 by Finance Act No. 2021-1900 of 30 December 2021. 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 amortization 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 amortization 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 recognized under "amortized 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 amortized 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 recognized 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.

As of April 6, 2022, the Resilience PGE is a supplement to the PGE for companies impacted by the consequences of the conflict in Ukraine (including companies that would be at - or close to - the 25% PEG cap). The authorized ceiling is 15% of the average turnover of the last three financial years, or the last two financial years if they have only one financial year, or calculated as the annualized turnover by linear projection from the turnover realized to date if they have no closed financial year. Apart from the amount, which is subject to the new ceiling of 15% of sales, this additional PEG will take the same form as PEGs introduced at the start of the health crisis: same maximum duration (up to 6 years), same minimum repayment period (12 months), same guaranteed share and guarantee premium. This PEG Resilience is fully cumulative with any PEG obtained or to be obtained initially until 30 June 2022. This scheme has been extended until 31 December 2023 under the amended finance law for 2023.

- ***Renegotiations and restructuring***

When contracts are modified, IFRS 9 requires the identification of renegotiated, restructured or redesigned financial assets, whether or not they are in financial difficulty and not subject to derecognition. The gain or loss resulting from the modification of a contract is recognized in the income statement. The gross carrying amount of the financial asset is then recalculated to be equal to the present value, at the initial effective interest rate, of the renegotiated or modified contractual cash flows. However, an analysis of the materiality of the changes must be performed 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 restructurings due to financial difficulties remains similar to that 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 recorded in the income statement under "Cost of credit risk" and in the balance sheet as a reduction in the corresponding amount outstanding. It is recognized in the income statement under "Interest margin" on an actuarial basis over the term of the loan. If the discount is not material, the EIR 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 (e.g. conversion of all or part of a loan into an equity instrument), the new instruments are recognized at their fair value. The difference between the carrying amount of the derecognized loan (or part of the loan) and the fair value of the assets received in exchange is recorded in the income statement under "Cost of credit risk". Any impairment previously recognized on the loan is adjusted. It is fully reversed in the event of total conversion of the loan into new assets.

The moratoria granted to companies in general to meet temporary cash flow difficulties linked to the Covid-19 crisis modify the repayment schedules of these receivables without substantially changing their characteristics. These receivables are therefore modified without being derecognized. Moreover, the granting of this arrangement does not in itself constitute an indicator of financial difficulty for the said companies.

- ***Fees and commissions***

Costs directly attributable to the origination of loans are external costs, which consist primarily of fees 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.

Income and expenses relating to loans with an initial term of less than one year are spread *pro rata temporis* without recalculation of the EIR. For variable or adjustable rate loans, the EIR is recalculated each time the rate is reset.

- ***Date of recognition***

Securities are recognized 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 amortized cost

in thousands of euros	**12/31/22**	**12/31/21**
Treasury bills and similar securities	346,397	332,579
Bonds and other debt securities	1,989,156	1,891,410
Impairment for expected credit losses	-4,669	-4,249
TOTAL SECURITIES AT AMORTISED COST	**2,330,884**	**2,219,740**

The fair value of the securities is disclosed 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 amortized cost

in thousands of euros	**12/31/22**	**12/31/21**
Overdrawn current accounts	809,019	3,629,940
Repurchase agreements	1,275,930	1,774,182
Loans and advances(1)	6,342,561	5,902,373
Other loans or receivables due from credit institutions	717	0
Guarantee deposits paid	800,894	1,327,033
Impairment for expected credit losses	-10,758	-9,364
TOTAL	**9,218,363**	**12,624,164**

(1) Livret A, LDD and LEP funds centralized at Caisse des Dépôts et Consignations and presented on the "Accounts and loans" line amounted to €1,698.90 million at 31 December 2022, compared with €1,465.15 million at 31 December 2021.

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 €5,447.42 million at 31 December 2022 (€7,647.51 million on 31 December 2021).

5.5.3 - Loans and receivables due from customers valued at amortized cost

in thousands of euros	12/31/22	12/31/21
Overdrawn current accounts	**2,401,564**	**1,976,679**
Other loans to customers	**39,070,234**	**33,248,638**
- Loans to financial sector customers	*38,612*	*16,956*
- Cash advances (1)	*9,035,476*	*7,720,678*
- Equipment loans	*9,218,361*	*7,744,870*
-Home loans	*16,220,786*	*13,257,024*
- Export loans	*374,967*	*289,388*
-Repurchase agreements	*1,240,560*	*1,668,285*
- Finance leases	*289,084*	*258,698*
-Subordinated loans (2)	*801*	*801*
-Other credits	*2,651,587*	*2,291,938*
Other loans or receivables due from customers	**4,576**	**4,467**
Guarantee deposits paid	**451,534**	**197,406**
Gross loans and receivables due from customers	**41,927,908**	**35,427,190**
Impairment for expected credit losses	-1,034,177	-1,005,839
TOTAL	**40,893,731**	**34,421,351**

(1) 1.542 billion at 31 December 2022, compared with 1.832 billion at 31 December 2021.
(2) Since 31 December 2021, €0.70 million of Participating Recovery Loans (PRL) have been recorded.

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.

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 amortized cost in the case of simple illiquidity of the markets. 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 prospective and does not imply a reclassification affecting previous periods.

5.7 - Accrued income and other assets

in thousands of euros	12/31/22	12/31/21
Collection accounts	78,496	62,057
Prepaid expenses	115,138	91,808
Accrued income	27,413	24,196
Other accruals	377,083	33,731
Accruals – Active	**598,130**	**211,792**
Securities settlement accounts – debit balances	0	0
Guarantee deposits paid	0	0
Other debtors	477,342	1,037,902
Other assets	**477,342**	**1,037,902**
TOTAL PREPAYMENTS AND SUNDRY ASSETS	**1,075,472**	**1,249,694**

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 presented separately in a dedicated line item" Liabilities associated with noncurrent assets held for sale".

Once classified in this category, non-current assets cease to be depreciated and are measured at the lower of their carrying amount or fair value less costs to sell. Financial instruments continue to be measured in accordance with the principles of IFRS 9.

A non-current asset (or group of assets) 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.

Groupe BRED has no such assets.

5.9 - Investment property

Accounting policies

In accordance with IAS 40, investment property is real estate held for the purpose of earning rental income and increasing the value of the invested capital.

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 recognize 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 capitalization 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".

	12/31/22			12/31/21		
in thousands of euros	Gross amount	Accumulated amortisation, depreciation and	Carrying amount	Gross amount	Accumulated amortisation, depreciation and	Carrying amount
Investment property measured at fair value	///	///	0	///	///	2
Investment property measured at historical cost	4,677	-2,588	2,089	4,516	-2,327	2,189
TOTAL INVESTMENT PROPERTY			**2,089**			**2,191**

Investment properties held by insurance subsidiaries are presented with insurance investments (see note 9).

5.10 - Fixed assets

Accounting policies

This item includes property, plant and equipment used in operations, movable assets acquired for operating leases and movable assets temporarily not leased under a finance lease.

In accordance with IAS 16 and IAS 38, an item of property, plant and equipment or an intangible asset is recognized as an asset if:

- It is probable that the future economic benefits associated with the asset will accrue to the enterprise;
- The cost of this asset can be measured reliably.

Operating assets are recorded at their acquisition cost, plus any directly attributable acquisition costs. Software created, when it meets the criteria for capitalization, is recorded at production cost, including external expenses and personnel costs directly attributable to the project.

The component method of accounting for assets is applied to all buildings.

After first recognition, fixed assets are measured at cost less accumulated depreciation and impairment losses. The depreciable amount takes into account the residual value, where this is measurable and significant.

Fixed assets are depreciated over the period of consumption of the expected economic benefits, which generally corresponds to the life of the asset. Where one or more components of an asset have a different use or provide different economic benefits, these components are depreciated over their own useful lives.

The following depreciation periods have been adopted for the Banques Populaires:

- Facades / roofing / waterproofing: 20 to 40 years;
- Foundations / frameworks: 30 to 60 years;
- Renovation: 10 to 20 years;
- Technical equipment: 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 recognized 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 leased under operating leases are recorded as assets in the balance sheet under property, plant and equipment when they are movable assets.

	12/31/22			12/31/21		
in thousands of euros	Gross amount	Accumulated amortisation, depreciation and impairment	Carrying amount	Gross amount	Accumulated amortisation, depreciation and impairment	Carrying amount
Tangible capital assets	**560,843**	**-298,074**	**262,769**	**561,899**	**-280,627**	**281,272**
Real estate	259,070	-101,195	157,874	269,332	-98,108	171,224
Movable property	301,773	-196,879	104,894	292,567	-182,519	110,048
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	**153,408**	**-69,011**	**84,397**	**132,022**	**-57,330**	**74,692**
Relating to real-estate assets	153,408	-69,011	84,397	132,022	-57,330	74,692
of which contracted over the period	27,277	-5,862	21,415	28,798	-2,977	25,821
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	**714,251**	**-367,085**	**347,166**	**693,921**	**-337,957**	**355,964**
Intangible assets	**133,697**	**-89,208**	**44,489**	**121,058**	**-88,220**	**32,837**
Leasehold rightsLeasehold rights	27,373	-11,380	15,993	14,275	-10,331	3,944
Software	94,432	-72,944	21,488	98,208	-73,009	25,198
Other intangible assets	11,892	-4,884	7,008	8,575	-4,880	3,695
TOTAL INTANGIBLE ASSETS	**133,697**	**-89,208**	**44,489**	**121,058**	**-88,220**	**32,837**

5.11 - Debt securities

Accounting policies

Debt issued that is not classified as a financial liability measured at fair value through profit or loss or as equity is initially recognized at fair value less transaction costs and is measured at the balance sheet date using the amortized cost method.

These instruments are recorded in the balance sheet as due to credit institutions, due to customers and debt securities.

Debts evidenced by certificates are broken down by type of security, with the exception of subordinated securities, which are classified under "Subordinated debts".

The securities are recorded in the balance sheet on the settlement date.

In the event of a partial disposal of a line of securities, the "first in, first out" method is used, except in specific cases.

A new category of liabilities eligible for the TLAC numerator (*Total Loss Absorbing Capacity* requirement) has been introduced by French law and is commonly referred to as "non-preferred senior". These liabilities have an intermediate rank between equity and other so-called "senior preferred" debt.

in thousands of euros	**12/31/22**	**12/31/21**
Bonds	0	0
Interbank market securities and negotiable debt securities	10,044,797	7,349,178
Other debt securities that are neither non-preferred nor subordinated	17,421	0
Non-preferred debts	0	0
Total	**10,062,218**	**7,349,178**
Accrued interest	9,384	-1,092
TOTAL DEBT SECURITIES	**10,071,602**	**7,348,086**

The fair value of debt securities is presented in note 10.

5.12 - Amounts due to credit institutions and customers

Accounting policies

Liabilities that are not classified as financial liabilities measured at fair value through profit or loss are accounted for using the amortized cost method and are recorded in the balance sheet under "Due to credit institutions" or "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 recognized initially at their fair value minus transaction costs and are subsequently measured at amortized cost at each balance sheet date using the effective interest method.

These instruments are recorded in the balance sheet as due to credit institutions, due to customers and debts evidenced by certificates (note 5.11).

Reverse repurchase agreements are accounted for on the settlement 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	12/31/22	12/31/21
Demand deposits	10,987,323	712,511
Repurchase agreements	0	0
Accrued interest	1,138	0
Amounts due to credit institutions and similar – repayable on demand	**10,988,461**	**712,511**
Term loans and deposits	19,183,902	17,055,718
Repurchase agreements	3,476,880	964,593
Accrued interest	23,226	-35,165
Term debt to credit institutions and equivalent	**22,684,008**	**17,985,146**
Guarantee deposits received	**590,946**	**795,574**
TOTAL DEBT TO CREDIT INSTITUTIONS AND EQUIVALENT	**34,263,415**	**19,493,231**

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 €30,186.72 million at 31 December 2022 (versus €7,638.69 million at 31 December 2021).

5.12.2 - Amounts due to customers

in thousands of euros	12/31/22	12/31/21
Credit balances on ordinary accounts	**28,078,420**	**21,763,863**
A booklet	1,779,771	1,517,784
Regulated home savings plans (PEL) and regulated home savings accounts (CEL)	1,903,733	1,909,108
Other special savings accounts	4,253,303	3,845,403
Accrued interest	4	2
Special Savings Accounts	**7,936,811**	**7,272,297**
Demand deposits and loans	7,314,760	4,036,442
Term deposits and loans	11,531,950	6,252,458
Accrued interest	32,258	15,278
Other customer accounts	**18,878,968**	**10,304,178**
Demand	0	0
Term	1,074,558	421,560
Accrued interest	1,123	-170
Repurchase agreements	**1,075,681**	**421,390**
Other amounts due to customers	**0**	**0**
Guarantee deposits received	**78**	**3,232**
TOTAL AMOUNTS DUE TO CUSTOMERS	**55,969,958**	**39,764,960**

The fair value of amounts due to customers is disclosed in note 10.

5.13 - Accrued expenses and other liabilities

in thousands of euros	**12/31/22**	**12/31/21**
Collection accounts	259,718	543,133
Prepaid income	190,037	176,991
Accounts payable	137,972	103,339
Other accounts payable accruals and deferred income	82,248	134,392
Accrual accounts – liabilities	**669,975**	**957,855**
Securities settlement accounts – credit balances	2	0
Sundry creditors	339,956	301,291
Rental liabilities	85,065	75,165
Other liabilities	**425,023**	**376,456**
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**1,094,998**	**1,334,311**

5.14 - Provisions

Accounting policies

Provisions other than those relating to employee benefits and similar commitments, provisions for home purchase savings plans, 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 recognized 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 recorded in the income statement on the lines corresponding to the nature of the future expenses covered.

Commitments in respect of regulated home savings products

Home savings accounts (CELs) and home savings plans (PELs) are savings products offered to individuals whose characteristics are defined by the 1965 law on home savings plans and the decrees issued in application of this law.

Home savings products generate two types of obligations for the banks marketing them:

- The obligation to grant loans to customers in the future at a fixed rate set on inception of the contract for PELs or at a rate contingent upon the savings phase for CEL contracts;
- The obligation to remunerate the savings in the future at a rate fixed on inception of the contract for an indefinite period for PELs or at a rate fixed every six months according to an indexation formula fixed by law for CEL contracts.

Obligations with potentially unfavourable consequences are measured for each generation of home savings plans and for home savings accounts as a whole.

The risks attached to these obligations are covered by a provision, the amount of which is determined by discounting the future earnings generated by the loans at risk:

- 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 the behavior of subscribers, 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 set aside for the same generation of contracts in the event of a potentially unfavorable situation for the Group, without compensation between generations.

The provision is recorded as a liability in the balance sheet and changes are recorded as interest income and expense.

Provisions are detailed in the table of changes below, except for provisions for expected credit losses on financing and guarantee commitments, which are detailed in note 7.

in thousands of euros	1/1/22	Increase	Use	Unused reversals	Other movements (1)	12/31/22
Provisions for employee benefit obligations	51,162	7,335	0	-8,139	-16,282	34,075
Provisions for restructuring	0	0	0	0	0	0
Legal risks	21,392	13,249	0	-7,039	72	27,675
Loan and guarantee commitments (2)	63,585	13,918	0	-24,210	352	53,645
Provisions for home savings products	20,605	0	0	-1,364	488	19,729
Other operating provisions	13,421	6,652	0	-1,716	-2,016	16,340
TOTAL PROVISIONS	**170,165**	**41,154**	**0**	**-42,468**	**-17,386**	**151,465**

(1) Other movements include the revaluation surplus of post-employment defined benefit plans as well as the impact of changes in the scope of consolidation and translation.
(2) Provisions for loan and guarantee commitments are estimated according to the IFRS 9 methodology since 1st January 2018 .

5.14.1 - Deposits held in regulated home savings products

in thousands of euros	12/31/22	12/31/21
Deposits held in regulated home savings plans (PEL)		
- less than 4 years	179,675	148,071
- more than 4 years and less than 10 years	921,904	944,587
- more than 10 years	635,990	645,814
Deposits held in regulated home savings plans	**1,737,570**	**1,738,472**
Deposits held in regulated home savings accounts	**186,294**	**176,658**
TOTAL DEPOSITS HELD IN REGULATED HOME SAVINGS PRODUCTS	**1,923,864**	**1,915,130**

5.14.2 - Loans granted in connection with regulated home savings products

in thousands of euros	12/31/22	12/31/21
Loans granted under PEL regulated home savings plans	282	434
Loans granted under CEL regulated home savings accounts	292	466
TOTAL LOANS GRANTED IN CONNECTION WITH REGULATED HOME SAVINGS PRODUCTS	**574**	**899**

5.14.3 - Provisions for regulated home savings products

in thousands of euros	12/31/22	12/31/21
Provisions for regulated home savings plans		
- less than 4 years	1,256	1,973
- more than 4 years and less than 10 years	2,926	4,002
- more than 10 years	11,627	12,565
Provisions for regulated home savings plans	**15,810**	**18,539**
Provisions for regulated home savings accounts	**3,929**	**2,079**
Provisions for PEL regulated home savings loans	-5	-6
Provisions for CEL regulated home savings loans	-5	-8
Provisions for regulated home savings loans	**-10**	**-14**
TOTAL PROVISIONS FOR REGULATED HOME SAVINGS PRODUCTS	**19,729**	**20,605**

5.15 - Subordinated debts

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 amortized cost at each balance sheet date using the EIR method.

in thousands of euros	12/31/22	12/31/21
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	7,129	6,462
Subordinated and similar debt	**7,129**	**6,462**
Accrued interest	0	0
Revaluation of the hedged component	0	0
SUBORDINATED DEBT AT AMORTISED COST	**7,129**	**6,462**
TOTAL SUBORDINATED DEBT	**7,129**	**6,462**

The fair value of subordinated debt is presented in note 16.

Changes in subordinated and similar debt during the year

in thousands of euros	1/1/22	Issue	Redemption (1)	Other movements	12/31/22
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	6,462	0	0	667	7,129
SUBORDINATED DEBT AT AMORTISED COST	**6,462**	**0**	**0**	**667**	**7,129**
SUBORDINATED AND SIMILAR DEBT	**6,462**	**0**	**0**	**667**	**7,129**

(1) Refunds are only for mutual deposits.

5.16 - Ordinary shares and other equity instruments issued

Accounting policies

Financial instruments issued are classified as debt or equity instruments depending on whether or not there is a contractual obligation for the issuer to deliver cash or another financial asset or to exchange instruments under potentially unfavorable conditions. This obligation must arise from specific contractual terms and conditions, and not from purely economic constraints.

In addition, when an instrument is classified as equity:

- Its remuneration affects shareholders' equity. However, the tax effect of these distributions may be recognized, according to the origin of the amounts distributed, in consolidated reserves, in gains and losses recognized directly in equity or in profit or loss, in accordance with the amendment to IAS 12 of December 2017 applicable as of 1 st January 2019. Thus, when the distribution meets the notion of dividends within the meaning of IFRS 9, the tax effect is recorded in income. This provision applies to interest on undated deeply subordinated notes considered as dividends from an accounting point of view;
- 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 presented under "Non-controlling interests". When the compensation is cumulative, it is deducted from "Net income attributable to equity holders of the parent" and added to "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

IFRIC 2, which deals with the treatment of members' shares and similar instruments of cooperative entities, clarifies the provisions of IAS 32, pointing out that the contractual right of a member to request redemption does not, in itself, automatically give rise to an obligation for the issuer. The accounting classification is therefore determined after examination of the contractual terms.

Based on this interpretation, cooperative shares are classified as equity if the entity has an unconditional right to refuse repayment or if there are legal or statutory provisions prohibiting or severely restricting repayment.

Due to the existing statutory provisions, in particular with regard to the minimum capital requirement, the shares issued by the relevant entities in the Group are classified as equity.

in thousands of euros	12/31/22			12/31/21		
	Number	**Nominal**	**Capital**	**Number**	**Nominal**	**Capital**
Cooperative shares						
Opening Value	142,871,707	10.47	1,495,867	132,026,661	10.42	1,375,718
Capital increase	16,808,436	10.47	175,984	10,845,046	10.42	113,005
Dividend paid in form of cooperative						
Capital decrease						
Other changes		0.06	9,581		0.05	7,144
Closing Value	**159,680,143**	**10.53**	**1,681,432**	**142,871,707**	**10.47**	**1,495,867**

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)	Rates	Nominal (in thousands of euros (1)) 12/31/22	12/31/21
TOTAL							**0**	**0**

(1) Nominal amount converted into euros at the exchange rate on the date of classification as equity.
(2) Interest rate increase date or date of change from fixed to variable rate.

5.17 - Non-controlling interests

Information relating to consolidated subsidiaries and structured entities whose non-controlling interests are material in relation to the Group's total equity is shown below:

in thousands of euros				12/31/22 Non-controlling interests			Summary financial information for 100% equity interests			
Entity Name	**Location**	**Percentage of noncontrolling interests**	**Percentage of control of noncontrolling 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 noncontrolling interests**	**Assets**	**Debts**	**Net income Group Share**	**Comprehensive income group share**
Subsidiaries		**%**	**%**							
BRED Vanuatu	Vanuatu	15.00%	15.00%	-1,048						
BCI Mer Rouge	Djibouti	49.00%	49.00%	-5,360	15,121	0	340,803	324,056	5,579	7,359
Banque Franco Lao	Laos	30.00%	30.00%	-801	8,265	0	103,443	105,700	1,870	-10,057
BRED Fiji	Fiji	10.00%	10.00%	-850	7,158	0	570,201	561,214	7,654	9,733
Other entities				-1,364	16,149					
Structured entities		%	%							
Total at 31/12/2022				**-9,424**	**46,694**	**0**	**1,014,448**	**990,970**	**15,103**	**7,035**

in thousands of euros				12/31/21 Non-controlling interests			Summary financial information for 100% equity interests			
Entity Name	**Location**	**Percentage of noncontrolling interests**	**Percentage of control of noncontrolling 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 noncontrolling interests**	**Assets**	**Debts**	**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 as of 31/12/2021				**-1,958**	**36,937**	**0**	**1,028,358**	**989,501**	**5,396**	**5,654**

5.18 - Changes in gains and losses recognized directly in equity

Accounting policies

For equity financial assets recognized in equity, in the event of disposal, changes in fair value are not transferred to the income statement. These are referred to as items that cannot be recycled to the income statement.

	F22			F21		
in thousands of euros	Gross	Tax	Net	Gross	Tax	Net
Translation differences	-7,787	///	-7,787	991	///	991
Revaluation of financial assets at fair value through equity that can be recycled	-162,568	41,925	-120,643	-1,987	853	-1,134
Revaluation of available-for-sale assets from insurance activities	-5,211	1,345	-3,866	4,910	-1,265	3,645
Revaluation of derivative hedges of items that can be recycled in net income	43,464	-11,179	32,285	406	2,388	2,794
Items of the share of gains or losses recognised directly in equity of companies accounted for under the equity method	4,037	-369	3,668	4,352	-814	3,538
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	**-128,065**	**31,722**	**-96,343**	**8,672**	**1,162**	**9,834**
Revaluation of intangible assets	0	0	0			
Revaluation (or actuarial gains or losses) relating to defined-benefit schemes	23,072	-6,064	17,008	23,889	-5,470	18,419
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	-200,030	6,591	-193,439	200,876	-8,553	192,323
Revaluation of available-for-sale assets from insurance activities	0	0	0	0	0	0
Items of the share of gains or losses recognized directly in equity of companies accounted for under the equity method	652	-291	361	-723	6	-717
Other items recognised through other comprehensive income on items that cannot be recycled in net income	0	0	0	0	0	0
Items that can be recycled to income	**-176,306**	**236**	**-176,070**	**224,042**	**-14,017**	**210,025**
Gains and losses recognised directly in equity (net of tax)	**-304,371**	**31,958**	**-272,413**	**232,714**	**-12,855**	**219,859**
Attributable to equity holders of the parent company	-304,264	32,655	-271,609	232,990	-12,855	220,135
Non-controlling interests	-107	-697	-804	-276	0	-276

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 recognized 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:
  - Index options and futures options are netted by maturity and currency,
  - 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 and reverse repurchase agreements that:
  - Are concluded with the same clearing house,
  - Have the same due date,
  - The same custodian, (except if the custodian has joined the T2S platform),
  - Are concluded in the same currency.

Financial assets and liabilities subject to netting agreements can only be offset for accounting purposes if they meet the restrictive netting criteria of IAS 32.

In the event that the derivatives or OTC repurchase agreements subject to master agreements do not meet the net settlement criteria, or if simultaneous settlement of assets and liabilities cannot be demonstrated, or if the right to offset can only be exercised in the event of the default, insolvency or bankruptcy of one or other of the parties to the contract, 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 received as collateral" and "Associated financial liabilities and financial instruments pledged as collateral" include:

- For repurchase agreements :
  - 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,
  - Margin calls in the form of securities (for the fair value of said securities);

- For derivative transactions, fair values in the opposite direction with the same counterparty, as well as margin calls in the form of securities.

Margin calls received or paid in cash are shown in the columns "Margin calls received (*cash collateral*)" and "Margin calls paid (*cash collateral*)".

5.19.1 - Financial assets

Effects of netting on financial assets in the balance sheet related to netting agreements

	12/31/22			12/31/21		
in thousands of euros	Gross financial assets (1)	Gross amount of financial liabilities netted in the balance sheet	Net amount of financial assets recognized in the balance sheet	Gross amount of financial assets (1)	Gross amount of financial liabilities netted in the balance sheet	Net amount of financial assets recognised in the balance sheet
Derivatives (transaction and hedging)	3,360,005	30,741	**3,329,264**	1,732,182	15,699	**1,716,483**
Repurchase agreements	0	0	0	0	0	0
Financial assets at fair value	**3,360,005**	**30,741**	**3,329,264**	**1,732,182**	**15,699**	**1,716,483**
Repurchase agreements (portfolio of loans and receivables)	**5,120,571**	**2,604,081**	**2,516,490**	**4,377,259**	**934,792**	**3,442,467**
TOTAL	**8,480,576**	**2,634,822**	**5,845,754**	**6,109,441**	**950,491**	**5,158,950**

(1) Includes the gross amount of financial assets subject to netting or a binding master netting agreement or similar arrangement as well as financial assets not subject to an agreement.

Effects of netting agreements not recognized in the accounts as financial assets

	12/31/22				12/31/21			
in thousands of euros	Net amount of financial assets in the balance sheet	Related financial liabilities and financial instruments given as collateral	Margin calls paid (cash collateral)	Net exposure	Net amount of financial assets in the balance sheet	Related financial liabilities and financial instruments given as collateral	Margin calls paid (cash collateral)	Net exposure
Derivatives	2,721,875	2,297,195	345,251	**79,430**	1,374,458	783,871	489,688	**100,899**
Repurchase agreements	2,200,513	2,178,697	3,659	**18,157**	2,632,776	2,630,797	10	**1,969**
Other financial instruments	0	0	0	**0**	0	0	0	**0**
TOTAL	**4,922,389**	**4,475,892**	**348,910**	**97,587**	**4,007,234**	**3,414,668**	**489,698**	**102,868**

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	12/31/22 Gross financial liabilities (1)	12/31/22 Gross amount of financial assets netted in the balance sheet	12/31/22 Net amount of financial liabilities in the balance sheet	12/31/21 Gross amount of financial liabilities (1)	12/31/21 Gross amount of financial assets netted in the balance sheet	12/31/21 Net amount of financial liabilities recognised in the balance sheet
Derivatives (transaction and hedging)	3,293,515	30,741	3,262,774	1,880,001	15,699	1,864,302
Repurchase agreements	0	0	0	0	0	0
Other financial instruments	0	0	0	0	0	0
Financial liabilities at fair value	**3,293,515**	**30,741**	**3,262,774**	**1,880,001**	**15,699**	**1,864,302**
Repurchase transactions (debt portfolio)	**7,162,865**	**2,604,081**	**4,558,784**	**2,320,940**	**934,792**	**1,386,148**
Other financial instruments (debt portfolio)	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL	**10,456,380**	**2,634,822**	**7,821,558**	**4,200,941**	**950,491**	**3,250,450**

(1) Includes the gross amount of financial liabilities subject to netting or a legally enforceable master netting agreement or similar arrangement as well as financial liabilities not subject to an arrangement.

Effects of netting agreements not recognized in the accounts as financial liabilities

in thousands of euros	12/31/22 Net amount of financial liabilities recognized in the balance sheet	12/31/22 Related financial liabilities and financial instruments given as collateral	12/31/22 Margin calls paid (cash collateral)	12/31/22 Net exposure	12/31/21 Net amount of financial liabilities recognized in the balance sheet	12/31/21 Related financial liabilities and financial instruments given as collateral	12/31/21 Margin calls paid (cash collateral)	12/31/21 Net exposure
Derivatives	3,057,752	2,297,195	453,230	307,327	1,789,209	783,871	969,935	**35,403**
Repurchase agreements	4,357,982	4,333,727	13,977	10,278	1,385,895	1,385,275	174	**446**
Other liabilities	0	0	0	**0**	0	0	0	**0**
TOTAL	**7,415,734**	**6,630,922**	**467,207**	**317,605**	**3,175,104**	**2,169,146**	**970,109**	**35,849**

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 a group of similar assets) is derecognized when the contractual rights to the future cash flows of the asset have expired or when these contractual rights and substantially all the risks and rewards of ownership of the asset have been transferred to a third party. In such cases, all rights and obligations that may be created or retained on transfer are recognized separately under financial assets and liabilities.

When a financial asset is derecognized, a gain or loss on disposal is recognized in the income statement in an amount equal to the difference between the carrying amount of the asset and the value of 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 recognized 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 derecognized and all the rights and obligations created or retained at the time of the transfer will be recognized separately in financial assets and liabilities.

If all the conditions for derecognition are not met, the Group keeps the asset in its balance sheet and records a liability representing the obligations arising from the transfer of the asset.

A financial liability (or part of a financial liability) is derecognized only when it is extinguished, i.e. when the obligation specified in the contract is extinguished, cancelled or has expired.

Repurchase agreements

The securities are not derecognized by the seller. A liability representing the commitment to return the cash received (securities delivered under repurchase agreements) is identified. This liability is recorded at amortized cost or at fair value through profit or loss when it is based on a transaction business model.

The assets received are not recognized in the assignee's books, but a receivable on the assignor is recognized representing the funds lent. The amount disbursed in respect of the asset is recorded under "Securities received under repurchase agreements". On subsequent balance sheet dates, the securities continue to be valued by the transferor in accordance with the rules applicable to the category in which they were initially classified. The receivable is valued in accordance with the rules specific to its category: amortized cost if it has been classified as "Loans and receivables", or fair value through profit or loss if it is covered by a transaction management model.

Lent securities

Lent securities do not result in the derecognition of the loaned securities at the seller's premises. They remain in their original accounting category and valued accordingly. For the borrower, the borrowed securities are not recognized.

Transactions leading to substantial changes in financial assets

When the asset is substantially modified (in particular following renegotiation or restructuring in the event of financial difficulties), it is derecognized to the extent that the rights to the initial cash flows have expired in substance. The Group considers that the following are considered to be material changes in particular:

- Changes that have resulted in a change in the 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 substantive modification of the terms of an existing debt instrument should be accounted for 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 to liabilities carried at amortized cost, in the event that the change does not result in derecognition: the gain or loss resulting from the difference between the original and modified cash flows discounted at the original effective interest rate should be recognized in profit or loss. In order to assess the materiality of the change, IFRS 9 sets a threshold of 10% based on discounted cash flows including any costs and fees: if the difference is greater than or equal to 10%, all costs or fees incurred are recognized as a gain or loss on extinguishment of the liability.

The group considers that other changes can also be considered substantial, such as a change of issuer (even within the same group) or a change of currency.

5.20.1 - Transferred financial assets not wholly derecognized and other financial assets pledged as collateral

in thousands of euros	Net carrying amount Securities lending	Repurchase agreements	Assets transferred or pledged as collateral	Securitisations	12/31/22
Financial assets at fair value through profit or loss - Held for trading	1,064,220	6,519	154,566	0	1,225,305
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 through equity	6,204,755	2,680,721	724,438	0	9,609,914
Financial assets at amortized cost	0	412,948	0	2,403,351	2,816,299
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	**7,268,975**	**3,100,188**	**879,004**	**2,403,351**	**13,651,518**
including transferred financial assets not fully derecognized	***7,268,975***	***3,100,188***	***0***	***2,403,351***	***12,772,514***

The liability associated with the financial assets pledged as collateral in connection with the pensions amounts to €2,614.8 million as of 31 December 2022 (€1,533.7 million as of 31 December 2021).

The fair value of the assets pledged as collateral under non-deconsolidating securitization transactions was €2,403.4 million as of 31 December 2022 (€2,158.3 million as of 31 December 2021) and the related liability was €2,399.4 million as of 31 December 2022.

in thousands of euros	Net carrying amount Securities lending	Repurchase agreements	Assets transferred or pledged as collateral	Securitisations	12/31/21
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 through equity	5,502,106	1,235,635	1,208,340	0	7,946,081
Financial assets at amortized 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 derecognized	***7,211,384***	***1,520,278***	***99***	***2,158,257***	***10,890,018***

5.20.1.1 - Comments on transferred financial assets

Repurchase agreements and securities lending

Groupe BRED 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. Financing has been recorded as a liability in the case of financed repurchase agreements or loans of securities.

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 securitizations

Consolidated securitizations with external investors constitute a transfer of assets within the meaning of the amendment to IFRS 7.

Indeed, the Group has an indirect contractual obligation to remit to the external investors the cash flows of the assets transferred to the securitization fund (although these assets appear on the group's balance sheet via the consolidation of the fund).

5.20.1.2 - Comments on financial assets pledged but not transferred

Financial assets pledged as collateral but not transferred are generally pledged as collateral. The main arrangements concerned are securities pledged as collateral for refinancing obtained from the European Central Bank (ECB).

In addition, in accordance with the French legal framework, intrinsic guarantees attached to covered bond issues are not recognized as guarantee commitments given.

5.20.1.3 - Financial assets received as collateral that the entity can dispose of

	Reusable financial instruments			
	Fair value of reusable financial instruments		Fair value of reused financial instruments	
in thousands of euros	12/31/22	12/31/21	12/31/22	12/31/21
Debt securities	6,848,191	8,050,206	3,232,093	1,843,966
Equity instruments	3,722,470	3,781,030	89	155
Loans and advances				
Other				
TOTAL FINANCIAL ASSETS RECEIVED AS COLLATERAL SECURED BY THE ENTITY	**10,570,661**	**11,831,236**	**3,232,182**	**1,844,121**

The assets in question are mainly securities received under repurchase agreements and borrowed securities.

5.20.2 - Wholly derecognized 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 associated with the reform disappear, it is considered that:

- Transactions designated as cash flow hedge items are "highly probable", 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 recognized in the income statement;
- The hedged risk component, when designated on the basis of a reference rate, is considered separately identifiable.

Groupe BRED considers that all its hedging contracts that have a BOR or EONIA component are affected by the reform and may therefore benefit from these amendments as long as there is uncertainty about the contractual changes to be made as a result of the regulations or about the substitute index to be used or the length of the period for applying provisional rates. Groupe BRED is mainly exposed to EURIBOR, EONIA and US LIBOR on its derivatives contracts and loans.

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 hedge redocumentation, portfolio hedging, the treatment of the OCI reserve for CFH hedges, the identification of an identifiable risk component, and retrospective effectiveness tests.

These amendments have been applied by Groupe BRED, in advance, in the financial statements for the year ended 31 December 2020 and will continue to apply mainly to the USD LIBOR which has not yet been remedied.

As a reminder, European Regulation (EU) No. 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 indices used as benchmarks in financial instruments and contracts, or as a measure of 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 licensed or registered. As of that date, the use by EU-supervised entities of benchmarks from administrators that are not licensed or registered (or, if not located in the EU, not subject to an equivalent regime or otherwise recognized or endorsed) will be prohibited.

Under the BMR regulation, the interest rate benchmarks EURIBOR, LIBOR and EONIA have been declared as critical benchmarks.

Since January 2022, the main concern regarding the reference rate reform has been dealing with contracts that reference USD LIBOR and were made before 31 December 2021. For these contracts with overnight, one, three, six, and twelve-month maturities, remediation has been the focus. From 1st January 2022, the use of the USD LIBOR index is not allowed for new contracts, except in cases where supervisory authorities define exceptions. In such cases, the contracts will include fallback clauses provided by ISDA. The Financial Conduct Authority (FCA), which oversees the ICE Benchmark Administration (the administrator of LIBORs), has extended the publication period of USD LIBOR until 30 June 2023. This extension aims to facilitate a smooth transition to alternative rates for the stock of contracts.

With regard to EURIBOR, the implementation of a new calculation methodology, recognized by the Belgian regulator in accordance with the requirements of the Benchmark Regulation, aimed at switching to a so-called "Hybrid" EURIBOR, was finalized in November 2019. Since then, the sustainability of EURIBOR has not been questioned, neither by its administrator, EMMI, nor by ESMA, the index supervisor since 1st January 2022.

Since the first half of 2018, Groupe BRED has relied on the BPCE Group, which has set up a project structure responsible for anticipating the impacts associated with the benchmark reform, from a legal, commercial, financial, risk, system and accounting perspective.
In 2020, a more operational phase began around the transition and reduction of exposures to benchmarks that may disappear. This includes the use of the new indices, remediation of the inventory as well as more active communication with the bank's clients.
The contracts affected by the disappearance of the EUR, CHF, JPY and GBP LIBOR indices were remedied with alternative rates in 2021. The operational switchover of these contracts was carried out at the beginning of 2022, in application of the ISDA fallback protocol to which Bred and its counterparties have subscribed.

In 2022, this more operational phase continued for the USD LIBOR (overnight, one, three, six and twelve month maturities). The first half of 2022 was marked by the enactment on 15 March 2022 of the *Consolidated Appropriations Act 2022*, which provides, for contracts governed by U.S. law, provisions designed to minimize the legal, operational and economic risks associated with the transition from USD LIBOR to an alternative reference rate.

On 16 December 2022, the U.S. Federal Reserve issued a final rule stating that the SOFR rate, plus the spread determined by Bloomberg on 5 March 2021, will replace USD LIBOR. This decision was made in response to the Financial Conduct

Authority's announcement about the future cessation and loss of representativeness of LIBOR rates. In June and November 2022, the Financial Conduct Authority launched two consultations to decide whether or not to publish a synthetic USD LIBOR index for overnight, one, three, and six-month maturities from 1 July, 2023, to the end of September 2024. This synthetic index will only apply to contracts that were not remediated by 30 June 2023. The FCA is expected to announce its decision on this matter in the first half of 2023. Additionally, the European Alternative Reference Rates Working Group is considering whether to introduce a legislative scheme to designate the legal replacement rate for USD LIBOR.

In 2022, the remediation process for contracts tied to USD LIBOR was initiated due to the market's progress in reflecting on its replacement. This process will continue in 2023, with a focus on financing products and issues. This includes finalizing the analysis of existing fallback clauses, defining the remediation strategy, and launching remediation campaigns.

For most derivatives, the migration to alternative rates will occur in the first half of 2023 through the clearing houses' conversion process and adherence to the ISDA protocol. For contracts that require bilateral renegotiation, Groupe BRED plans to adopt the same approach used for the indices that disappeared on 31 December 2021, in the first half of 2023.

As a reminder, when remediating these indices, regulatory authorities and working groups recommended maintaining economic equivalence before and after replacing the reference index in a contract. This principle was reflected in the replacement of the historical reference rate with an alternative rate, to which a fixed margin was added to compensate for the difference between the two rates. This adjustment to the index margin primarily came from using credit risk margins set by market authorities or market practice.

With regard to retail banking customer loans, the remediation of commercial transactions has been completed overall, with the exception of transactions in USD Libor with a maturity date of more than June 2023.

Since 1st January 2022, the transition from the USD Libor index to the SOFR rate remains under process.

NOTE 6 - COMMITMENTS

Accounting policies

Commitments are characterized 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 line or refinancing agreement) ;
- Guarantee commitments (signature commitments or assets received as guarantee).

The amounts disclosed correspond to the nominal value of the commitments given.

6.1 - Financing commitments

in thousands of euros	**12/31/22**	**12/31/21**
Financing commitments given:		
credit institutions	134,202	421,339
from customers	**6,060,678**	**5,240,475**
Confirmed credit facilities	*5,498,145*	*4,697,948*
Other commitments	*562,534*	*542,528*
TOTAL FINANCING COMMITMENTS GIVEN	**6,194,880**	**5,661,814**
Financing commitments received:	0	0
from credit institutions	2,922,490	3,758,962
from customers	705,615	1,880,459
TOTAL FINANCING COMMITMENTS RECEIVED	**3,628,105**	**5,639,421**

6.2 - Guarantee commitments

in thousands of euros	**12/31/22**	**12/31/21**
Guarantee commitments given:		
to credit institutions	963,967	1,126,136
to customers	2,594,661	2,041,939
TOTAL GUARANTEE COMMITMENTS GIVEN	**3,558,628**	**3,168,075**
Collateral commitments received:	0	0
from credit institutions	7,638,023	6,545,033
from customers	2,980,110	2,779,610
TOTAL GUARANTEE COMMITMENTS RECEIVED	**10,618,133**	**9,324,643**

Guarantee commitments are commitments by signature as well as assets received as guarantee, such as collateral other than financial assets received as guarantee, which are available to the entity.

NOTE 7 - EXPOSURE TO RISKS

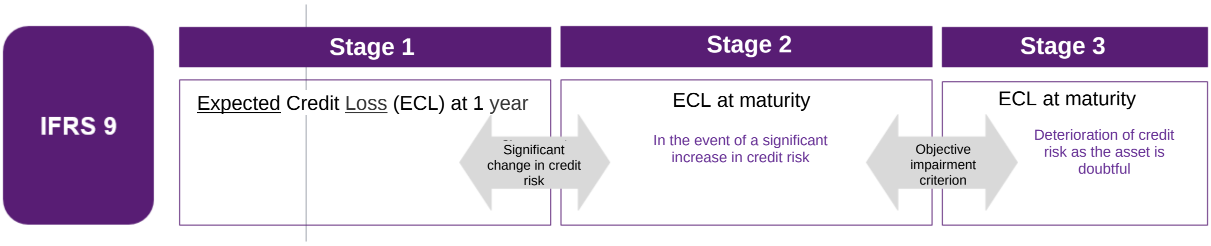
Risk exposures are discussed below and are represented according to their nature of risk, by credit, market, global interest rate, foreign exchange and liquidity risk.

Information on capital management and 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 exposures by category and by approach with a distinction between credit risk and counterparty risk;
- Breakdown of gross exposures by geographic area ;
- 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 amortized cost or financial assets at fair value by equity that can be recycled as well as to financing commitments and financial guarantee contracts not recognized in the financial statements at fair value through profit or loss. It also concerns lease receivables, 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 recognized at fair value on option) recognized as a result of the default of the counterparty of credit institutions.

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	F22	F21
Net charges to provisions and provisions for impairment	-101,552	-116,287
Recoveries of bad debts written off	4,220	1,682
Irrecoverable loans not covered by provisions for impairment	-10,964	-9,539
TOTAL COST OF CREDIT RISK	**-108,297**	**-124,144**

Cost of credit risk for the period by asset type

in thousands of euros	12/31/22	12/31/21
Central banks	0	0
Financial assets at fair value through profit or loss	-1,480	0
Financial assets at fair value through equity	-30,611	-2,352
Financial assets at amortized cost	-87,962	-113,819
of which loans and receivables	-87,541	-110,314
of which debt securities	-421	-3,505
Other assets	1,462	-175
Financing and guarantee commitments	10,295	-7,799
TOTAL COST OF CREDIT RISK	**-108,297**	**-124,144**
of which Stage 1	*17,392*	*4,566*
of which Stage 2	*-22,783*	*-38,806*
of which Stage 3	*-102,906*	*-89,904*

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 amortized 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 (status or *stage*) according to the deterioration in credit risk observed since their first recognition. Each category of loans has a specific credit risk assessment method:

- ***Status 1 (Stage 1 or 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.

- ***Status 2 (Stage 2 or 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.

  - ***Status 3 (Stage 3 or 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 as the expected credit losses over the remaining life of the financial instrument (expected credit losses at maturity) based on the recoverable amount of the receivable, i.e. the present value of the estimated recoverable future cash flows;
- Interest income is then recognized in the income statement using the effective interest rate method applied to the net carrying amount of the instrument after impairment;
- Financial assets acquired or created and impaired for credit risk as soon as they are initially recognized, 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.

The methodological changes made during the period and presented below constitute a change in estimate which has an impact on income.

Methodology for assessing credit risk deterioration and expected credit losses

The principles for measuring credit risk deterioration and expected credit losses that apply to the vast majority of the Group's exposures are described below. Only a few of the Group's portfolios - corresponding to a limited volume of exposures - may not be treated in accordance with 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, under the standard, there is a rebuttable presumption of a significant increase in the credit risk associated with a financial asset since initial recognition when contractual payments are more than 30 days late.

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.

On the portfolios of Individual Customers, Professional Customers, Small and Medium-Sized Enterprises, Public Sector and Social Housing:

Following the *Deep Dive* mission conducted by the ECB on the cost of risk at the end of 2020/beginning of 2021, an evolution of the quantitative criteria for moving to S2 was developed and put into production during the first semester of 2022.

This evolution is reflected in:

- Significantly increased severity of passage to S2, especially for contracts rated well on award;
- Harmonization between the Banques Populaires and Caisses d'Épargne networks of the criteria for moving to S2 for individual and professional portfolios.

More specifically, the assessment of the change in credit risk is based on the following criteria:

<table>
<tr><th>Original rating</th><th>Individuals</th><th>Professionals</th><th>SME,
Public sector and social housing</th></tr>
<tr><td>3 à 11
(AA to BB+)</td><td>3 levels</td><td rowspan="3">3 levels</td><td rowspan="2">3 levels</td></tr>
<tr><td>12
(BB)</td><td rowspan="2">2 levels</td></tr>
<tr><td>13
(BB-)</td><td>2 levels</td></tr>
<tr><td>14 à 15
(B+ to B)</td><td rowspan="2">1 levels</td><td>2 levels</td><td rowspan="2">1 levels</td></tr>
<tr><td>16
(B-)</td><td>1 levels</td></tr>
<tr><td>17
(CCC to C)</td><td colspan="3">Sensitive in Stage 2</td></tr>
</table>

Moreover, additional qualitative criteria make it possible to classify in Stage 2 all contracts with over 30 days of unpaid invoices (unless the presumption of 30 days of unpaid invoices is refuted), in a sensitive rating, in a situation of reorganization or in the presence of financial difficulties if the criteria for downgrading to Stage 3 are not met.

On the Large Corporates, Banks and Sovereigns portfolios

The quantitative criterion is based on the level of change in the rating since the initial accounting. The same qualitative criteria apply to Individuals, Professionals and Small and Medium-sized Enterprises, to which should be added contracts on the *WatchList*, as well as additional criteria based on changes in the level of country risk.

The thresholds of degradation on the **portfolios of Large Companies and credit institutions** are as follows:

Original rating	Significant degradation
1 to 7 (AAA to A-)	3 levels
8 to 10 (BBB+ to BBB-)	2 levels
11 to 21 (BB+ to C)	1 level

On Sovereigns: the thresholds of degradation on the 8-spot rating scale are as follows:

Notes to the origin	Significant degradation
1	6 levels
2	5 levels
3	4 levels
4	3 levels
5	2 levels
6	1 level
7	S2 directly (unless newly originated contract)
8	S2 directly (unless newly originated contract)

For Specialized Financing: the criteria applied vary according to the characteristics of the exposures and the related rating system. Exposures rated under the large exposures engine are treated in the same way as large corporates; other exposures are treated in the same way as small and medium-sized corporates.

For all of these portfolios, the ratings used to measure risk deterioration correspond to ratings from internal systems when available, as well as to external ratings, particularly in the absence of internal ratings.

The standard allows the credit risk of a financial instrument to be considered not to have increased significantly since initial recognition if the risk is considered to be low at the balance sheet date. This provision is applied to debt securities rated *investment grade* and managed as part of Groupe BPCE's liquidity reserve, as defined by Basel 3 regulations. *Investment grade* corresponds to ratings of BBB- or its equivalent from Standards and Poors, Moody's or Fitch.

In accordance with IFRS 9, the recognition of guarantees and collateral does not affect the assessment of the significant increase in credit risk: this is based on the change in credit risk on the debtor without taking guarantees into account.

In order to assess the significant increase in credit risk, the group provides a process based on two levels of analysis:

- The first level is based on rules and criteria defined by the group and applied to all the group's establishments (known as the "central model");
- A second level linked to the assessment, by experts in the field of local *forward looking*, of the risk carried by each institution on its portfolios, which may lead to adjustments to the criteria defined by the group for downgrading to

stage 2 (portfolio or sub-portfolio switch to ECL at maturity). These criteria are adapted at each closing to the macroeconomic context of the moment.

- ***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 probability of occurrence of such losses over the expected life of the financial instruments. They are calculated individually for each exposure.

In practice, for financial instruments classified as Stage 1 or Stage 2, 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). A new version of the LGD for SMEs has been put into production since the 30 June 2022 closing;
- Probability of default (PD), over the next 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 recognize separately. The estimate of expected cash flow shortfalls of a guaranteed financial instrument reflects the amount and timing of collateral recovery

The IFRS 9 model validation process is fully integrated into the validation process already in place within the Group. The validation of the models follows a review process by an independent internal validation unit, a review of this work by the Group Model Committee and a follow-up of the recommendations issued by the validation unit.

- ***Consideration of forward-looking information***

Groupe BRED 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 the ECLs per scenario weighted by the probability of occurrence of such scenarios, taking into account past events, current circumstances and reasonable and supportable forecasts of economic conditions.

Groupe BPCE takes into account forward-looking information both in estimating the significant increase in credit risk and in measuring expected credit losses. To this end, 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.

In addition to the rules based on the comparison of risk parameters between the initial recognition date and the reporting date, the determination of the significant increase in credit risk is supplemented by taking into account forward-looking information such as sectoral or geographical macroeconomic parameters.

The Group has chosen to measure expected credit losses under three macroeconomic scenarios, which are described 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 the scenarios determined by the group's economists in October 2022 and approved by the General Management Committee (GMC);
- A pessimistic scenario, corresponding to a more degraded realization of the macroeconomic variables defined in the central scenario;
- An optimistic scenario, corresponding to a more favorable realization of the macroeconomic variables defined in the central scenario.

The economic context is still very uncertain, mainly due to (i) the Russia/Ukraine war, (ii) the monetary policies of central banks, which are trying to curb the high level of inflation, and (iii) the situation in China, which is relaxing its zero-covid strategy to boost its economic growth.

Global growth is expected to slow down in 2023, giving way to a risk of recession in very pessimistic/adverse scenarios. In this context, Economic Research has updated the central scenario, validated at CDG BPCE in October 2022. The pessimistic scenario is based on a scenario of sustained inflation and a sharp slowdown in activity, or even a recession, corresponding to one of the adverse scenarios of the 2022 internal stress campaign. Conversely, the optimistic scenario corresponds to a gradual return of inflation to more normal levels and a more vigorous recovery in activity.

The deviation from the central scenario is greater for the pessimistic than for the optimistic scenario.

The weightings for the France zone are based on the average Consensus *Forecast* for November. The weights for the eurozone and the US are based on the same Consensus *Forecast* and its December update. The high weights on the central bound are explained by the update of the scenario (and its severity).

The macroeconomic scenario for the French zone is significantly more pessimistic this year than last year. As the economic outlook continues to worsen, projections for macroeconomic variables have been further downgraded. In 2022, the Ukrainian crisis caused a significant deterioration in French GDP growth projections, resulting in a central scenario projection of +2.5% in 2022 and +0.6% in 2023. However, the statistical uncertainty used to determine pessimistic and optimistic bounds for 2022 has decreased with time, making the pessimistic bound for 31 December 2022, less pessimistic than the one used for 31 December 2021.

The definition and review of these scenarios follows the same organization and governance as those defined for the budgetary process, with a quarterly review of their relevance since the Covid-19 crisis, which may lead to a revision of macroeconomic projections in the event of significant deviation from the observed situation, based on proposals from economic research and validation by the General Management Committee.

The probabilities of occurrence of the central scenario and its limits are reviewed quarterly by the Group's *WatchList* and Provisions Committee. The parameters thus defined are used to assess the expected credit losses of all exposures, whether they belong to an internally-approved scope or are treated as standard for the calculation of risk-weighted assets.

The variables defined in the central scenario and its bounds allow for the deformation of the PD and LGD parameters and the calculation of an expected credit loss for each economic scenario. The projection of the parameters over horizons longer 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, enabling the calculation of a probable average loss used as the amount of the expected credit loss under IFRS 9.

In addition, the Group complements and adapts this approach by taking into account the specific characteristics of certain areas. Each scenario is weighted according to how close it is to the Consensus *Forecast for the* main economic variables in each of the Group's significant markets.

The projections are broken down into the main macroeconomic variables such as GDP, the unemployment rate, 10-year interest rates on French sovereign debt and real estate.

The macroeconomic variables for the France zone are as follows:

	Pessimistic Q4-2022			
	GDP	Unemployment	HPI	10-year rate
2022	-1.80%	7.60%	4.00%	3.42%
2023	-0.70%	8.20%	-5%	4.31%
2024	0.30%	9.30%	-6.00%	5.42%

	Baseline Q4-2022			
	GDP	Unemployment	HPI	10-year rate
2022	2.50%	7.20%	5.00%	2.65%
2023	0.60%	7.40%	-2.50%	2.77%
2024	1.10%	7.30%	-3.00%	2.86%

	Optimistic Q4-2022			
	GDP	Unemployment	HPI	10-year rate
2022	3.00%	7.00%	6.00%	2.27%
2023	1.50%	6.80%	2.00%	2.00%
2024	1.70%	5.0%	2.50%	1.58%

For retail banking, the post-model adjustments that reflected the positive impact of the various economic support measures have been removed due to the decline in the benefits of moratoria and EMPs and the evolution of the economic situation since the adjustments were put in place.

- ***Scenario weighting as of 31 December 2022***

Expected credit losses are calculated by assigning to each of the bounds a weight determined by how close the consensus of forecasters is to each of the central, pessimistic, and optimistic bounds on the GDP growth variable.

Thus, the weightings used for the France zone are as follows:

- Central scenario: 45% on 31 December 2022 versus 10% on 31 December 2021;
- Pessimistic scenario: 35% on 31 December 2022 versus 85% on 31 December 2021;
- Optimistic scenario: 20% as of 31 December 2022 versus 5% as of 31 December 2021.

Environmental risks are not taken into account in the central models at this stage. However, they are accounted for at the level of the establishments (see below).

- ***Expected credit losses constituted in addition to the BPCE methodology***

Institutions have recorded additional provisions to cover specific risks in their portfolios, particularly in sectors such as tourism, hospitality, retail, food processing, construction, real estate, transportation (excluding air transport), and automobiles. These provisions were mainly set aside in 2020 and 2021 due to the impact of the Covid-19 crisis, and in 2022, they were supplemented by additional provisions to account for the potential impact of the deteriorating macroeconomic environment on sectors such as food processing, transportation, construction, and real estate professionals, due to factors such as rising inflation, soaring energy prices, and shortages.

In this context, the Group continued to strengthen its identification and monitoring of the most affected sectors. The approach involves classifying economic sectors and sub-sectors centrally based on their level of risk, which is regularly updated and communicated to all Group institutions by Groupe BPCE's risk management department.

In 2022, the harmonized methodology for calculating sectoral provisions at the Group level, which was developed in 2021, was completed and adapted to account for changes in the macroeconomic environment.

Certain institutions have set aside expected credit losses for climate risks in accordance with the Group's general principles. These provisions mainly cover physical weather risks and anticipate direct losses by sector or geographic area resulting from extreme or chronic weather events that increase the risk of default due to cessation or reduction in activity. They are not set aside individually but rather cover a global risk in specific sectors of the economy, depending on the institution's location.

To a lesser extent, transition risks are also taken into account in these expected credit losses. They correspond to the economic and financial consequences of a societal transition to a low-carbon economy, aimed at limiting greenhouse gas emissions (regulation, market, technology, reputation), to which a sector of activity cannot align itself.

Climate risk is taken into account by applying a stress test to the rating of the counterparty or a global provisioning rate according to the client segment, depending on its vulnerability to climate risks.

- ***Sensitivity analysis of ECL amounts***

If the pessimistic scenario were to occur with a 100% probability, an extra provision of €30.77 million would need to be recognized to cover potential credit losses. Conversely, if the optimistic scenario were to occur with a 100% probability, a reversal of ECL of €33.98 million would be recognized.

Valuation procedures for outstanding amounts that fall under Stage 3

Assets are classified as being in Stage 3 if there is clear evidence of a loss resulting from an event that indicates a proven counterparty risk, and this event occurs after the initial recognition of the asset. The criteria used to identify these assets are in line with the definition of default in Article 178 of European Regulation No. 575/2013 of 26 June 2013, which is consistent with guidance from the European Banking Authority (EBA/GL/2016/07) on default definition, as well as European Central Bank Delegated Regulation 2018/1845 on assessing the significance of arrears on credit obligations.

Loans and receivables are considered impaired and fall under Stage 3 if the following two conditions are met:

- There are objective indicators of impairment on an individual or portfolio basis: these are "triggering events" or "loss events" that characterize a counterparty risk and that occur after the initial recognition of the loans concerned. An objective indicator of impairment includes, in particular:
    - the occurrence of an outstanding payment for at least three consecutive months, the amount of which exceeds the absolute thresholds (of €100 for a retail exposure, otherwise €500) and the relative threshold of 1% of the counterparty's exposure,
    - or restructuring of loans when certain criteria are met or, regardless of any outstanding payments, the counterparty is experiencing financial difficulties which lead to the conclusion that all or part of the amounts due will not be recovered. Restructured loans are classified as Stage 3 when the loss exceeds 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 the recognition of *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 or securities resulting from securitization (ABS, CMBS, RMBS, CDO cash) 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 amortized 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 (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 offbalance sheet commitments in Stage 3 are taken into account through provisions recognized 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.

Recognition of impairments on assets at amortized cost and fair value through equity and provisions on financing and guarantee commitments

For debt instruments recognized in the balance sheet as financial assets at amortized cost, impairment losses are recognized in the original balance sheet item for the net value of the asset (regardless of the asset's status: S1, S2, S3 or POCI). Impairment charges and reversals are recognized in the income statement under "Cost of credit risk".

For debt instruments recognized on the balance sheet in the category of financial assets at fair value through equity, impairment losses are recognized 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 financing and financial guarantee commitments given, provisions are recorded under "Provisions" on the liabilities side of the balance sheet (regardless of the status of the commitment given: S1, S2, S3 or POCI). Allocations to and reversals of provisions are recorded in the income statement under "Cost of credit risk".

7.1.2.1 - Change in S1 and S2 credit losses

in thousands of euros	**12/31/22**	**12/31/21**
Central Model (a) (b) (c)	223,172	191,501
Post-model adjustments	35,364	60,344
Complements to the central model	65,200	65,882
TOTAL EXPECTED CREDIT LOSSES S1/S2	323,736	**317,727**

(a) of which change in SICR estimate if significant
(b) of which update of Corporate and SME LGDs if significant
(c) including changes in scenarios and weightings if significant

7.1.2.2 - Change in gross book value and credit losses on financial assets through 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 12/31/2021	**12,417,925**	**-2,690**	**8,229**	**-429**	**0**	**0**	**0**	**0**	**2,501**	**0**	**12,428,655**	**-3,119**
Production & Acquisition	5,756,135	-737	0	0	0	0	0	0	0	0	5,756,135	-737
Derecognition (debt repayment, assignment and write-off	-4,951,498	815	0	1	0	0	0	0	-2,501	0	-4,953,999	815
Impairment (written off)	0	0	0	0	-229	229	0	0	0	0	-229	229
Transfers of financial assets	-23,050	181	10	-10	22,869	0	0	0	0	0	-171	171
Transfers to S1	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to S2	-7	7	10	-10	0	0	0	0	0	0	3	-3
Transfers to S3	-23,043	174	0	0	22,869	0	0	0	0	0	-174	174
Other changes (1)	-360,161	417	5,244	84	33,169	-33,168	0	0	0	0	-321,748	-32,667
Balance at 12/31/2021	**12,839,351**	**-2,015**	**13,484**	**-354**	**55,809**	**-32,939**	**0**	**0**	**0**	**0**	**12,908,644**	**-35,308**

(1) taking into account the change of the SBE from equity method to full consolidation on 01/01/2022

7.1.2.3 - Change in gross book value and credit losses on debt securities at amortized 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 12/31/2021	**2,216,192**	**-69**	**0**	**0**	**2,385**	**-700**	**0**	**0**	**5,412**	**-3,480**	**2,223,989**	**-4,249**
Production & Acquisition	1,394,465	0	0	0	///	///	0	0	0	0	1,394,465	0
Derecognition (debt repayment, assignment and write-off	-860,856	0	0	0	0	0	0	0	0	0	-860,856	0
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 changes (1)	-420,156	32	0	0	-410	0	0	0	-1,480	-452	-422,046	-420
Balance at 12/31/2021	**2,329,645**	**-37**	**0**	**0**	**1,975**	**-700**	**0**	**0**	**3,932**	**-3,932**	**2,335,552**	**-4,669**

7.1.2.4 - Change in gross carrying amount of credit losses on loans and advances to credit institutions at amortized cost

Loans and advances to credit institutions recorded in stage 1 include funds centralized at the Caisse des Dépôts et Consignations, amounting to €1,698.9 million at 31 December 2022, compared with €1,465.1 million at 31 December 2021.

in thousands of euros	Stage 1		Stage 2		Stage 3		Impaired assets upon origination or acquisition(S2 POCI)		Impaired assets upon 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 12/31/2021	**12,618,955**	**-4,352**	**9,798**	**-238**	**4,776**	**-4,776**	**0**	**0**	**0**	**0**	**12,633,529**	**-9,365**
Production & Acquisition	6,652,187	-1,228	0	0	///	///	0	0	0	0	6,652,187	-1,228
Derecognition (debt repayment, assignment and write-off	-6,604,212	1,439	-22	0	0	0	0	0	0	0	-6,604,233	1,439
Impairment (written off)	///	///	///	///	-2,721	0	0	0	0	0	-2,721	0
Transfers of financial assets	-479	13	479	-37	0	0	0	0	0	0	0	-24
Transfers to S1	947	0	-947	0	0	0	///	///	///	///	0	0
Transfers to S2	-1,426	13	1,426	-38	0	0	0	0	0	0	0	-24
Transfers to S3	0	0	0	0	0	0	0	0	0	0	0	0
Other changes (1)	-3,480,355	-1,102	27,725	-209	2,990	-269	0	0	0	0	-3,449,641	-1,580
Balance at 12/31/2021	**9,186,096**	**-5,230**	**37,981**	**-484**	**5,045**	**-5,045**	**0**	**0**	**0**	**0**	**9,229,122**	**-10,758**

(1) taking into account the change of the SBE from equity method to full consolidation on 01/01/2022

7.1.2.5 - Change in gross carrying amount and credit losses on customer loans and receivables at amortized cost

Financial instruments are divided into three categories (status or stage) according to the deterioration in credit risk observed since their initial recognition. This deterioration is measured on the basis of the rating at the closing date.

in thousands of euros	Stage 1		Stage 2		Stage 3		Impaired assets upon origination or acquisition(S2 POCI)		Impaired assets upon 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 12/31/2021	**30,530,784**	**-96,839**	**3,483,668**	**-182,106**	**1,394,026**	**-724,908**	**1**	**0**	**18,710**	**-1,987**	**35,427,189**	**-1,005,839**
Production & Acquisition	12,546,701	-41,743	399,381	-10,000	///	///	0	0	19,134	0	12,965,215	-51,743
Derecognition (debt repayment, assignment and write-off	-6,359,114	14,069	-586,134	20,809	-210,788	63,748	0	0	-3,421	2	-7,159,457	98,628
Impairment (written off)	///	///	///	///	-57,427	53,426	0	0	0	0	-57,427	53,426
Transfers of financial assets	-2,517,180	16,958	2,233,374	-57,882	283,916	-29,922	3,877	-7	-3,877	0	110	-70,852
Transfers to S1	1,221,059	-5,354	-1,193,288	44,402	-27,838	3,837	///	///	///	///	-66	42,885
Transfers to S2	-3,532,846	17,911	3,630,226	-117,148	-97,273	15,636	3,877	-7	-3,877	0	108	-83,608
Transfers to S3	-205,394	4,401	-203,564	14,865	409,026	-49,395	0	0	0	0	68	-30,129
Other changes (1)	670,246	23,532	-98,190	30,451	189,992	-113,212	-1	0	-9,769	1,434	752,278	-57,795
Balance at 12/31/2021	**34,871,437**	**-84,023**	**5,432,099**	**-198,728**	**1,599,719**	**-750,868**	**3,877**	**-7**	**20,777**	**-551**	**41,927,910**	**-1,034,178**

(1) taking into account the change of the SBE from equity method to full consolidation on 01/01/2022

7.1.2.6 - Change in gross book value and credit losses on financing commitments given

in thousands of euros	Stage 1		Stage 2		Stage 3		Impaired assets upon origination or acquisition(S2 POCI)		Impaired assets upon 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 12/31/2021	**5,463,748**	**-11,297**	**177,993**	**-5,453**	**20,074**	**-15,189**	**0**	**0**	**0**	**0**	**5,661,814**	**-31,939**
Production & Acquisition	3,934,443	-7,409	61,830	-3,179	///	///	0	0	0	0	3,996,273	-10,589
Derecognition (debt repayment, assignment and write-off	-2,689,241	6,671	-99,787	1,650	-4,412	18	0	0	0	0	-2,793,440	8,340
Impairment (written off)	0	0	0	0	0	0	0	0	0	0	0	0
Transfers of financial assets	-147,850	1,013	144,480	-3,871	3,377	74	0	0	0	0	6	-2,784
Transfers to S1	28,236	-138	-27,323	1,414	-913	8	///	///	///	///	0	1,284
Transfers to S2	-172,572	1,116	174,406	-5,293	-1,827	91	0	0	0	0	6	-4,086
Transfers to S3	-3,514	35	-2,603	8	6,117	-25	0	0	0	0	0	18
Other changes (1)	-708,130	2,180	13,308	316	22,832	5,182	0	0	2,215	0	-669,775	7,678
Balance at 12/31/2021	**5,852,970**	**-8,842**	**297,824**	**-10,537**	**41,871**	**-9,915**	**0**	**0**	**2,215**	**0**	**6,194,880**	**-29,294**

(1) taking into account the change of the SBE from equity method to full consolidation on 01/01/2022

7.1.2.7 - Change in gross book value and credit losses on guarantee commitments given

in thousands of euros	Stage 1		Stage 2		Stage 3		Impaired assets upon origination or acquisition(S2 POCI)		Impaired assets upon 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 12/31/2021	**2,079,677**	**-11,430**	**239,922**	**-1,760**	**41,524**	**-15,158**	**0**	**0**	**6,952**	**-3,298**	**2,368,075**	**-31,646**
Production & Acquisition	1,143,236	-4,451	18	-3	///	///	0	0	0	0	1,143,254	-4,454
Derecognition (debt repayment, assignment and write-off	-583,333	3,843	-55,629	533	-20,570	9,321	0	0	-3,525	0	-663,057	13,696
Impairment (written off)	///	///	///	///	0	0	0	0	0	0	0	0
Transfers of financial assets	-92,128	647	88,730	-2,566	3,437	63	0	0	0	0	39	-1,856
Transfers to S1	59,287	-135	-58,791	439	-496	7	///	///	///	///	0	311
Transfers to S2	-145,635	734	148,936	-3,064	-3,301	56	0	0	0	0	0	-2,274
Transfers to S3	-5,780	48	-1,415	59	7,234	0	0	0	0	0	39	107
Other changes (1)	150,370	560	-7,368	1,137	-2,491	-4,585	0	0	-1,423	2,796	139,088	-92
Balance at 12/31/2021	**2,697,822**	**-10,831**	**265,673**	**-2,659**	**21,900**	**-10,359**	**0**	**0**	**2,004**	**-502**	**2,987,399**	**-24,352**

(1) taking into account the change of the SBE from equity method to full consolidation on 01/01/2022

7.1.3 - 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 consist of existing or potential receivables and in particular loans, debt or equity securities or performance swaps, performance bonds or confirmed or undrawn commitments.

Credit risk management procedures and assessment methods, risk concentration, quality of sound financial assets, analysis and distribution of outstanding amounts are disclosed in the risk management report.

7.1.4 - 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 exposure to credit risk (determined without taking into account the effect of unrecognized offsets and collateral) and to counterparty risk corresponds to the net carrying amount of these assets.

In thousands of euros	Maximum exposure to risk (2)	Depreciations	Maximum net impairment exposure (3)	Guarantees
Debt securities at amortized cost	5,907	-4,632	1,275	0
Loans and claims to credit institutions at amortized cost	5,045	-5,045	0	0
Loans and receivables to customers at amortized cost	1,620,497	-751,420	869,077	724,674
Debt Instruments - Fair Value through Recyclable Equity	55,809	-32,939	22,870	0
Loans and receivables to credit institutions - JVOCI R	0	0	0	0
Loans and receivables to customers - JVOCI R	0	0	0	0
Financing commitments	44,086	-9,915	34,170	0
Guarantee commitments	23,904	-10,861	13,043	10,294
TOTAL DEPRECIES (S3) (1)	**1,755,247**	**-814,812**	**940,436**	**734,968**

(1) Assets impaired subsequent to origination/acquisition (Status 3) or upon origination/acquisition (POCI).
(2) Gross book value.
(3) Book value on the balance sheet.

7.1.5 - Guarantees received on instruments not subject to IFRS impairment rules 9

In thousands of euros	Maximum risk exposure	Guarantees
Financial assets at fair value through profit or loss		
Debt securities	2,615,616	
Loans	127,909	
Transaction derivatives	2,570,486	
Total	**5,314,011**	

7.1.6 - 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.

In thousands of euros	12/31/22	12/31/21
Non-current assets held for sale	0	0
Tangible capital assets	0	0
Investment properties	0	0
Equity and debt instruments	0	0
Other	0	0
TOTAL ASSETS OBTAINED BY TAKING POSSESSION OF COLLATERAL	**0**	**0**

7.2 - Market risk

Market risk is the risk of financial loss due to movements in market parameters, including:

- Interest rates: interest rate risk is the risk of changes in the fair value or future cash flows of a financial instrument as a result of changes in interest rates;
- Exchange rates;
- Price: price risk arises 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 subject to this risk;
- And, more generally, any market parameter involved in the valuation of portfolios.

The systems for measuring and monitoring market risks are disclosed 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 time.

Refinancing procedures and liquidity risk management are disclosed in the risk management report.

The information on liquidity risk management required by IFRS 7 is presented in the section on risk management "Liquidity, interest rate 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 riskhedged portfolios are included in the "Not determined" column. These financial instruments are :

- Either intended to be sold or redeemed before their contractual maturity date;
- Either intended to be sold or redeemed at a non-determinable date (in particular when they have no contractual maturity);
- Or valued in the balance sheet at an amount affected by revaluation effects.

Accrued interest not yet due is presented in the "less than 1 month" column.

The amounts presented 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	3 months to 1 year	From 1 year to 5 years	More than 5 years	No fixed maturity	**Total at 31/12/2022**
Cash and amounts due from central banks	33,812,294	0	0	0	0	0	**33,812,294**
Financial assets at fair value through profit or loss	0	0	0	0	0	8,210,418	**8,210,418**
Financial assets at fair value in equity	604,526	42,878	1,150,843	9,406,363	1,668,727	1,228,156	**14,101,492**
Hedging derivatives	0	0	0	0	0	758,778	**758,778**
Securities at amortized cost	20,995	18,969	218,631	1,860,783	211,506	0	**2,330,884**
Loans and receivables due from credit institutions and assimilated at amortized cost	3,453,374	1,633,700	588,369	3,514,697	20,103	8,120	**9,218,363**
Loans and receivables due from customers at amortized cost	2,597,287	3,737,410	4,105,051	12,866,442	16,950,743	636,798	**40,893,730**
Revaluation adjustments on interest-rate risk hedged portfolio	0	0	0	0	0	-225	-225
FINANCIAL ASSETS BY MATURITY	**40,488,475**	**5,432,956**	**6,062,894**	**27,648,284**	**18,851,079**	**10,842,045**	**109,325,734**
Central banks	902	0	0	0	0	0	**902**
Financial liabilities at fair value through profit or loss	0	0	0	0	0	3,424,111	**3,424,111**
Hedging derivatives	0	0	0	0	0	655,021	**655,021**
Debt securities	3,463,944	6,099,135	473,070	35,453	0	0	**10,071,602**
Amounts due to credit institutions and customers	11,586,690	13,399,580	3,896,422	5,018,713	340,568	21,442	**34,263,415**
Amounts due to customers	35,231,251	16,933,462	2,242,043	1,104,515	73,406	385,280	**55,969,958**
Subordinated debt	123	3,119	0	2,765	286	836	**7,129**
Revaluation adjustments on interest-rate risk hedged portfolio	0	0	0	0	0	-4,017	-4,017
FINANCIAL LIABILITIES BY MATURITY	**50,282,910**	**36,435,296**	**6,611,536**	**6,161,446**	**414,260**	**4,482,673**	**104,388,121**
Financing commitments given to credit institutions	34,204	15,500	2,775	81,723	-0	0	**134,202**
Financing commitments given to customers	42,647	718,784	908,954	2,204,322	2,013,903	172,067	**6,060,678**
TOTAL FINANCING COMMITMENTS GIVEN	**76,851**	**734,284**	**911,729**	**2,286,046**	**2,013,903**	**172,067**	**6,194,880**
Guarantee commitments given to credit institutions	0	893,951	39,503	842	0	29,670	**963,967**
Guarantee commitments given to customers	44,437	2,507,223	14,238	2,792	1,478	24,493	**2,594,661**
TOTAL GUARANTEE COMMITMENTS GIVEN	**44,437**	**3,401,174**	**53,741**	**3,634**	**1,478**	**54,163**	**3,558,628**

NOTE 8 - EMPLOYEE BENEFITS

Accounting policies

Employee benefits are classified into four categories:

- **Short-term benefits**, such as salaries, annual leave, bonuses, profit-sharing and incentives, which are expected to be paid within twelve months of the end of the financial year and which relate to that fiscal year, are recognized as expenses;
- **Post-employment benefits** for retired employees, for which a distinction must be made between defined contribution plans and defined benefit plans.

Defined contribution plans such as the French national plans are those for which Groupe BRED's obligation is limited solely to the payment of a contribution and do not include any obligation on the part of the employer as to the level of benefits. Contributions paid in respect of 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.

A provision for defined benefit plans is determined on the basis of an actuarial valuation of the obligation, taking into account demographic and financial assumptions. When these plans are financed by external funds that meet the definition of plan assets, the provision is reduced by the fair value of these assets.

The cost of defined benefit plans recognized as an expense for the period comprises: current service cost (representing the rights acquired by beneficiaries during the period), past service cost (revaluation adjustment of the actuarial debt following a modification or reduction to the plan), net interest cost (n effect of the net commitment of interest income generated by hedging assets) and the effect of plan liquidations.

Actuarial gains and losses arising from changes in demographic and financial assumptions and from experience adjustments are recognized as gains and losses directly in equity and are not 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 recognized as expenses.

- **Severance benefits** are provided to employees who leave their job before retirement due to either dismissal or voluntary agreement in exchange for compensation. A provision is set aside to cover these obligations, along with other liabilities that are not expected to be settled within a year from the balance sheet date.

8.1 - Personnel costs

Personnel expenses include all personnel-related expenses and related social security and tax charges.

I Information on the workforce broken down by categoryis presented in chapter 6 "Non-financial performance declaration - Our social responsibility".

in thousands of euros	F22	F21
Wages and salaries	-288,647	-259,981
Costs of defined-contribution plans	-841	-428
Costs of defined-benefit plans	-50,317	-47,583
Other social security costs and taxes	-110,611	-107,325
Profit-sharing and incentive plans	-76,869	-66,998
Total personnel costs	**-527,286**	**-482,316**

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 ʾprivate 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 determined in order to optimize the portfolio's expected performance, subject to a level of risk that is supervised and measured according to numerous criteria. The corresponding asset/liability studies are reviewed each year and presented to the CAR-BP Technical, Financial and Risk Committee and, for information, to the Groupe BPCE Social Employee Monitoring Committee. The relatively dynamic allocation adopted is made possible both by the time frame for using the amounts and by the regulatory mechanisms specific to the financial oversight of the system.

Other benefits also include:

- Pensions and similar: termination indemnities and retirement benefits;
- Other: bonuses for medals of honor for work and other long-term 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 supplements*	*CGP pension complements*	*Pension complements and other schemes OTHER*	Pension complements and other schemes	End-of-career awards	Longservice awards	Other benefits	12/31/22	12/31/21
Actuarial liabilities	76,602	0	29,812	106,414	35,479	4,052	165	146,110	181,764
Fair value of plan assets	-57,822	0	-25,606	-83,428	-36,599	0	0	-120,027	-132,155
Fair value of reimbursement rights	0	0	0	0	0	0	0	0	0
Effect of ceiling on plan assets	0	0	111	111	0	0	0	111	0
NET AMOUNT REPORTED ON THE BALANCE SHEET	**18,780**	**0**	**4,318**	**23,098**	**-1,120**	**4,052**	**165**	**26,194**	**49,609**
Employee benefit commitments recorded in the balance	18,780	0	4,318	23,098	-1,120	4,052	165	26,194	49,609
Plan assets recorded on the balance sheet (1)									

(1) Presented on the assets side of the balance sheet under "Accruals and other assets".

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 funded by plan assets, the amount of the provision corresponds to the actuarial liability less the fair value of these assets.

Excess plan assets are recognized as assets along with hedging assets do not meet the plan's asset definition.

8.2.2 - Changes in the amounts recorded in 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	F22	F21
ACTUARIAL LIABILITIES AT START OF PERIOD	**98,339**	**0**	**31,982**	**130,321**	**45,820**	**5,129**	**494**	**181,764**	**193,496**
Cost of services rendered	0	0	1,966	1,966	3,129	374	0	5,469	5,443
Past Service Costs	0	0	0	0	32	0	26	58	132
Interest disbursed	820	0	106	926	415	40	0	1,381	640
Benefits paid	-4,111	0	281	-3,830	-2,172	-88	0	-6,090	-7,067
Other	0	0	620	620	1,984	-1,642	0	962	-14
Revaluation adjustments Demographic hypotheses	**0**	**0**	**0**	**0**	**-595**	**0**	**0**	-595	-1,948
Revaluation Variances - Financial Assumptions	**-22,433**	**0**	**-7,887**	**-30,320**	**-12,917**	**0**	**0**	-43,237	-10,018
Revaluation adjustments Financial hypotheses	**3,987**	**0**	**1,571**	**5,558**	**-1,228**	**0**	**0**	4,330	-124
Translation differences	0	0	1,175	1,175	-19	0	28	1,184	1,072
Other	0	0	-1	-1	189	-1	-383	-196	-4,063
ACTUARIAL LIABILITIES AT END OF PERIOD	**76,602**	**0**	**29,812**	**106,414**	**35,479**	**4,052**	**165**	**146,110**	**181,764**

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	F22	F21
FAIR VALUE OF ASSETS AT START OF PERIOD	**67,493**	**0**	**24,167**	**91,660**	**40,495**	**0**	**0**	**132,155**	**118,462**
Interest received	578	0	89	667	364	0	0	1,031	402
Contributions received	0	0	2,123	2,123	0	0	0	2,123	1,705
Benefits paid	-686	0	692	6	0	0	0	6	-1,021
Other	0	0	-25	-25	0	0	0	-25	-20
Revaluation adjustments – Return on scheme's assets	-9,563	0	-2,423	-11,986	-4,260	0	0	-16,246	11,801
Translation differences	0	0	984	984	0	0	0	984	826
Other	0	0	0	0	0	0	0	0	0
FAIR VALUE OF ASSETS AT END OF PERIOD	**57,822**	**0**	**25,606**	**83,428**	**36,599**	**0**	**0**	**120,027**	**132,155**

The financial income on hedging assets is calculated by applying the same rate as that used to discount the obligations. The difference between the actual return at closing and this financial income as determined constitutes a re-evaluation discrepancy recorded for post-employment benefits in non-recyclable equity.

8.2.3 - Cost of defined benefit plans and other long-term benefits

Defined benefit plans and other long-term benefits expense

The various components of the expense recognized in respect of defined benefit plans and other long-term benefits are recorded under "Personnel costs".

	Defined benefit post-employment plans				Other long-term benefits			
in thousands of euros	*CAR pension complements*	*Pension supplements and other schemes OTHER*	Pension complements and other schemes	End-of-career awards	Long-service awards	Other benefits	F22	F21
Cost of services	0	-1,966	-1,966	-3,161	-374	-26	-5,527	-5,575
Net financial cost	-242	-17	-259	-51	-40	0	-350	-238
Other	0	-645	-645	-1,984	1,642	0	-987	-6
Expense for the period (1)	**-242**	**-2,627**	**-2,869**	**-5,196**	**1,228**	**-26**	**-6,863**	**-5,819**
Benefits paid	3,425	411	3,836	2,172	88	0	6,096	6,046
Contributions received	0	2,123	2,123	0	0	0	2,123	1,705
Change in provision following payments	**3,425**	**2,534**	**5,959**	**2,172**	**88**	**0**	**8,219**	**7,751**
TOTAL	**3,183**	**-93**	**3,090**	**-3,024**	**1,316**	**-26**	**1,356**	**1,932**

Gains and losses recognized directly in equity of defined benefit plans

in thousands of euros	Pension complements and other schemes – CARBP	Pension complements and other schemes – CGPCE	Pension complements and other schemes OTHER	End-of-career awards	F22	F21
TOTAL REVALUATION ADJUSTMENTS AT START OF PERIOD	**12,392**	**0**	**-192**	**-5,608**	**6,592**	**30,484**
- of which actuarial gains and losses	**12,392**	**0**	**-192**	**-5,608**	**6,592**	**30,484**
- of which the effect of the asset cap	**0**	**0**	**0**	**0**	**0**	
Revaluation adjustments generated over the financial year	-8,883	0	-3,893	-10,480	-23,256	**-23,892**
Ceiling adjustments on assets	0	0	111	0	111	
TOTAL REVALUATION ADJUSTMENTS AT END OF PERIOD	**3,509**	**0**	**-3,974**	**-16,088**	**-16,553**	**6,592**
- of which actuarial gains and losses	3,506	0	-4,085	-16,088	-16,667	6,592
- of which the effect of the asset cap	0	0	111	0	111	0

8.2.4 - Other information

Main actuarial assumptions

	12/31/22		12/31/21	
	CAR-BP	IFC	CAR-BP	IFC
Discount rate	3.72%	3.76%	0.86%	0.90%
Inflation rate	2.40%	2.40%	1.70%	1.70%
Mortality table used	TGH05-TGF05	TGH05-TGF05	TGH05-TGF05	TGH05-TGF05
Duration	11.2 years	12 years	13 years	14 years

Sensitivity of the actuarial liability to variations in key assumptions

As of 31 December 2022, a change of 0.5% in the discount rate and inflation rate would have the following impacts on the actuarial liability:

	12/31/22		12/31/21	
in % and thousands of euros		CAR-BP		CAR-BP
	%	Amount	%	Amount
0.5% increase in the discount rate	-5.39%	-3,909	-6.30%	-6,198
0.5% decrease in the discount rate	5.94%	4,818	7.02%	6,903
0.5% increase in the inflation rate	5.80%	4,701	6.41%	6,300
0.5% decrease in the inflation rate	-5.03%	-3,660	-5.46%	-5,367

Payment schedule – (non-discounted) benefits paid to beneficiaries

	12/31/22	12/31/21
in thousands of euros	CAR-BP	CAR-BP
Y+1 to Y+5	24,575	23,109
Y+6 to Y+10	23,293	21,654
Y+11 to Y+15	21,258	19,295
Y+16 to Y+20	18,157	16,170
> Y+20	35,004	30,480

Breakdown of the fair value of the assets of the CAR-BP plans (including reimbursement rights)

in % and thousands of euros	12/31/22 CAR-BP Weights by categories	12/31/22 CAR-BP Fair value of assets	12/31/21 CAR-BP Weights by categories	12/31/21 CAR-BP Fair value of assets
Cash	8.76%	5,064	8.77%	5,921
Shares	42.59%	24,626	42.67%	28,796
Bonds	40.84%	23,613	40.91%	27,612
Property	0.00%	0	0.00%	0
Derivatives	0.00%	0	0.00%	0
Investment fund	7.81%	4,519	7.65%	5,163
Total	100.00%	**57,822**	100.00%	**67,493**

NOTE 9 - INSURANCE ACTIVITIES

Overview

Insurance activities include life and non-life insurance. These activities are carried out within Groupe BRED 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 1 st 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 and retirement contracts should be fully within the scope of this European exemption. On 9 December 2021, 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.

This amendment was adopted by Commission Regulation (EU) 2022/1491 of 8 September 2022.
Groupe BPCE plans to apply this option and also to apply the IFRS 9 impairment rules for credit risk to eligible financial assets for its 2022 comparative statements.

As a financial conglomerate, Groupe BPCE has chosen to apply this provision to its insurance activities, which are therefore still covered by IAS 39. Groupe BRED has followed this application. The entities concerned are listed in note 14.4 relating to the scope of consolidation.

The financial assets and liabilities of insurance companies therefore follow the provisions of IAS 39. They are classified in the categories defined by this standard and follow the valuation rules and accounting treatment.

Insurance liabilities are still largely measured in accordance with French GAAP, pending a supplement to the current IFRS 4 framework.

In fact, in application of phase I of IFRS 4, insurance contracts are classified into three categories:

- Contracts that generate insurance risk within the meaning of IFRS 4: this category includes personal risk, pension, property damage and unit-linked savings contracts with a guaranteed floor. The valuation rules for technical reserves defined by the local standards are maintained for these contracts;
- Financial contracts such as savings contracts that do not generate insurance risk are accounted for under IFRS 4 if they contain discretionary profit sharing, for which the rules for the valuation of technical provisions defined by local standards are also maintained;
- Financial contracts without discretionary profit-sharing feature, such as unit-linked contracts without a euro fund and without a guaranteed floor, are subject to IAS 39.

The majority of financial contracts issued by the group's subsidiaries contain a discretionary profit-sharing clause.

The discretionary participation clause grants policyholders of life insurance contracts the right to receive, in addition to the guaranteed benefits, a share of the financial income generated. For these contracts, in accordance with the shadow Accounting principles defined in IFRS 4, the deferred profit-sharing reserve is adjusted to reflect policyholders' rights to a share of unrealized capital gains or their participation in losses on unrealized capital losses relating to financial instruments measured at fair value in accordance with IAS 39. The policyholders' share of capital gains is determined according to the characteristics of the contracts likely to generate such capital gains.

The change in deferred participation is recorded in equity for changes in the value of available-for-sale financial assets and in the income statement for changes in the value of financial assets at fair value through profit or loss.

The application of these principles is supplemented by a liability adequacy test, which consists of verifying at each balance sheet date that the insurance liabilities are adequate, using current estimates of future cash flows from insurance contracts and investment contracts with discretionary profit sharing. This test is used to determine the economic value of the liabilities corresponding to the average derived from stochastic analyses. If the sum of the cash surrender value and the deferred participation is less than the insurance reserves measured at fair value, the shortfall is recorded against 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 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.

Other balances relating to insurance activities are grouped with the balances relating to other balance sheet items according to their nature.

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 costs directly related to the issuance, less any proceeds directly attributable to issuance. On subsequent balance sheet dates, they are measured at amortized cost using the effective interest method.

The EIR is the rate that discounts future cash flows to the initial value of the loan. This rate includes discounts, recognized when loans are granted at below-market conditions, as well as external transaction costs and revenues directly related to the issuance of the loans and analyzed as an adjustment to the actual yield of the loan. No internal costs are taken into account in the calculation of amortized cost.

When loans are granted on below-market terms, a discount corresponding to the difference between the face value of the loan and the sum of future cash flows, discounted at the market rate, is recorded as a reduction in the face value of the loan. 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 event of restructuring following a loss event in accordance with IAS 39, the loan is considered as impaired and is subject to a discount equal to the difference between the discounted value of the initially expected contractual cash flows and the discounted value of the expected future capital and interest flows following the restructuring. The discount rate used is the initial effective interest rate. This discount is recorded in the income statement under "Cost of credit risk" (for the net portion allocated to the insurer) and in the balance sheet as a deduction from the corresponding amount outstanding. The discount 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 reincluded in performing loans based on expert appraisal when there is no longer any doubt as to the borrower's ability to honour its commitments.

External costs consist mainly of commissions 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 down are spread on a straight-line basis over the term of the commitment.

Income and expenses relating to loans with an initial term of less than one year are spread *pro rata temporis* without 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

Securities other than those classified as financial assets at fair value through profit or loss are individually impaired when there is objective evidence of impairment as a result of one or more loss events occurring after the initial recognition of the asset and when these events have an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The impairment rules differ depending on whether the securities are equity 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 more than 50% or for more than 24 months in the value of a security compared with its historical cost is an objective indicator of lasting impairment, leading to the recognition of an impairment loss in the income statement.

These impairment criteria are supplemented by a line-by-line review of assets whose value has declined by more than 30% or for more than six months in relation to their historical cost, or in the event of events likely to indicate a significant or prolonged decline. When the Group considers that the value of the asset will not be recovered in full, an impairment loss is recognized in the income statement.

In the case of unlisted equity instruments, a qualitative analysis of their situation is performed.

Impairment of equity instruments is irreversible and cannot be reversed through profit or loss. Losses are recorded in "Net income from insurance activities". Unrealized gains resulting from impairment are deferred under "Gains and losses recognized directly in equity" until disposal of the securities.

For debt instruments such as bonds or securities resulting from securitization (ABS, CMBS, RMBS, CDO cash), an impairment is recognized when there is a proven counterparty risk.

The impairment indicators used for debt securities are identical to those used in the individual assessment of the risk of loans and receivables, regardless of the portfolio of destination. In the case of undated deeply subordinated notes (TSSDIs), particular attention is also paid when the issuer may, under certain conditions, not pay the coupon or extend the issue beyond the scheduled redemption date.

Impairment of debt instruments must be reversed through profit or loss if the issuer's situation improves. These impairments and reversals are recorded under "Cost of credit risk" (for the net portion allocated to the insurer).

Impairment of loans and receivables

IAS 39 defines the methods for calculating and recognizing impairment losses on loans.

A receivable is impaired if both of the following conditions are met:

- There are objective indicators of impairment on an individual or portfolio basis: these are "triggering events" or "loss events" that characterize a counterparty risk and that occur after the initial recognition of the loans concerned. At the individual level, the criteria for assessing whether a credit risk exists include the existence of past-due payments;
- These events are likely to result in the recognition of *incurred losses*.

Impairment losses are determined by the difference between the amortized cost and the recoverable amount of the receivable, i.e. the present value of the estimated future cash flows to be recovered, taking into account the effect of the guarantees.

in thousands of euros	12/31/22	12/31/21
Investment property	417,407	432,812
Financial assets at fair value through profit or loss	3,186,718	2,723,209
Available-for-sale financial assets	4,558,442	5,237,196
Loans and receivables due from credit institutions	0	0
Loans and advances to customers	0	0
Held to maturity financial assets	351,828	368,434
Share held by cedents and retrocessionaires in liabilities relating to insurance policies and financial contracts	36,405	34,259
Receivables arising from insurance and assumed reinsurance activities	40,487	34,379
Receivables arising from ceded reinsurance activities	28,329	12,814
Deferred acquisition costs	6,755	7,740
Other		
TOTAL INSURANCE BUSINESS INVESTMENTS	**8,626,371**	**8,850,843**

* not mentioned in the ANC recce for the item "Investments in insurance activities" but depreciation of acquisition costs are listed for the item "Net income from insurance activities". Deferred acquisition costs have been integrated into the balance sheet in line with the income statement.

9.1.1.1 - Investment property

	12/31/22			12/31/21		
in thousands of euros	Carrying amount	Accumulated amortization, depreciation and impairment	Carrying amount	Carrying amount	Accumulated amortisation, depreciation and impairment	Carrying amount
Investment properties - at historic cost	0	0	0	0	0	0
Investment Properties - At Fair Value	417,407	0	417,407	432,812	0	432,812
Investment Properties - UA	0	0	0	0	0	0
TOTAL INVESTMENT PROPERTY	**417,407**	**0**	**417,407**	**432,812**	**0**	**432,812**

The fair value of investment properties was XXX thousand euros at 31 December N versus XXX thousand at 31 December N-1

The fair value of real estate investments amounted to €417.4 million at 31 December 2022, compared with €432.8 million at 31 December 2021.

9.1.1.2 - Financial assets at fair value through profit or loss

Accounting policies

This category includes:

- Financial assets held for trading, i.e. acquired or issued from the outset with the intention of reselling them in the near future;
- Financial assets that the Group has elected to recognize at fair value through profit or loss from the outset, in accordance with the option offered by IAS 39.

These assets are measured at fair value at both the initial recognition date and the closing date. Changes in fair value during the period, interest, dividends, gains or losses on disposals of these instruments are recorded under "Net income from insurance activities".

Financial assets and liabilities at fair value through profit or loss by option

The amendment to IAS 39 adopted by the European Union on November 15, 2005 allows financial assets and liabilities to be designated on initial recognition as at fair value through profit or loss, with this choice being irrevocable.

Compliance with the conditions set out in the standard must be verified prior to recording an instrument under the fair value option.

The application of this option is in fact reserved for the following situations:

- Elimination or significant reduction of an accounting mismatch;

The application of the option eliminates distortions arising from different valuation rules applied to instruments managed within the same strategy. This treatment applies in particular to assets and liabilities in units of account.

- 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 this management is based on a documented risk management policy or investment strategy and that the internal reporting is based on a fair value measurement.

- Compound financial instruments with one or more embedded derivatives.

An embedded derivative is the component of a hybrid contract, whether financial or non-financial, that meets the definition of a derivative. It must be separated 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 embedded derivative are not closely related 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, recognize or measure separately the embedded derivative

This treatment applies in particular to certain financial instruments with significant embedded derivatives (convertible bonds, indexed bonds and structured securities).

in thousands of euros	**12/31/22**	**12/31/21**
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	25,382	26,697
Shares	506,605	581,946
UCITS	0	0
Investments backed by unit-linked policies	2,654,731	2,114,566
Financial assets at fair value by option	**3,186,718**	**2,723,209**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	**3,186,718**	**2,723,209**

Conditions for classification of investments at fair value option

	12/31/22				12/31/21			
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	25,382	0	**25,382**	0	26,697	0	**26,697**
Shares	0	506,605	0	**506,605**	0	581,946	0	**581,946**
UCITS	0	0	0	**0**	0	0	0	**0**
Loans and receivables due from credit institutions	0	0	0	**0**	0	0	0	**0**
Loans and advances to customers	0	0	0	**0**	0	0	0	**0**
Investments backed by unit-linked policies	0	2,654,731	0	**2,654,731**	0	2,114,566	0	**2,114,566**
Total	**0**	**3,186,718**	**0**	**3,186,718**	**0**	**2,723,209**	**0**	**2,723,209**

9.1.1.3 - Available-for-sale financial assets

Accounting policies

This category includes financial assets that are not included in the categories above.

Available-for-sale financial assets are initially recognized at fair value plus transaction costs.

At the balance sheet date, they are measured at fair value and changes in fair value are recognized as gains and losses directly in equity (except for foreign currency money market securities, for which changes in the fair value of the foreign currency component are recognized in the income statement).

If these assets are sold, these changes in fair value are taken to profit or loss.

Accrued or earned income on fixed income securities is recorded in "Net insurance income". Income from variable income securities is recorded under "Net insurance income".

in thousands of euros	**12/31/22**	**12/31/21**
Bonds	2,934,530	3,561,330
Shares	1,657,334	1,712,660
UCITS	0	0
Available-for-sale financial assets, gross	**4,591,864**	**5,273,990**
Impairment of debt instruments	0	0
Depreciation of equity instruments	-33,422	-36,794
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**4,558,442**	**5,237,196**

9.1.1.4 - Loans and receivables

Accounting policies

The portfolio of loans and receivables included in "Investment of insurance activities" records non-derivative financial assets with fixed or determinable income that are not traded in an active market. These assets must not be exposed to substantial losses unrelated to deterioration in credit risk.

Certain securities not quoted on an active market may be classified in this category. These securities are recognized initially at fair value plus transaction costs minus any discount and transaction income. They are therefore subject to the same recognition, measurement and impairment rules as loans and receivables.

When a financial asset recorded under loans and receivables is sold before maturity, the gain or loss on sale is recorded under "Net income from insurance activities".

Loans and receivables due from credit institutions and customers

in thousands of euros	**12/31/22**	**12/31/21**
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**

9.1.1.5 - Held-to-maturity financial assets

Accounting policies

This portfolio includes fixed income or determinable income securities with a fixed maturity that the Group has the intention and ability to hold to maturity.

IAS 39 prohibits, with limited exceptions, the sale or transfer of these securities prior to their maturity, which would result in the downgrading of the entire portfolio and in the access to this category denied during the current financial year and the following two years.

Exceptions to the rule include the following:

- A significant deterioration in the issuer's credit quality;
- A change in tax regulations that removes or significantly reduces the tax exemption for interest on held-to-maturity investments;
- A major business combination or exit (such as the sale of a segment) requiring the sale or transfer of held-to-maturity investments to maintain the entity's existing interest rate risk position or credit risk policy;
- A change in legal or regulatory provisions that significantly alters either what constitutes a qualified investment or the maximum amount of certain types of investments, causing the entity to dispose of a held-to-maturity investment;
- A significant increase in equity requirements that leads the entity to restructure by selling held-to-maturity investments;
- A significant increase in the risk weighting of held-to-maturity investments used for capital-based prudential regulation.

In the exceptional cases of disposal described above, the result of the disposal is recorded under "Net income from insurance activities".

Hedging of these securities against interest rate risk is not permitted. However, hedging of the currency risk or inflation component of certain held-to-maturity financial assets is permitted.

Held-to-maturity investments are initially recognized at fair value, plus transaction costs directly attributable to their acquisition. They are subsequently measured at amortized cost using the effective interest method, including any premiums, discounts and acquisition costs, where material.

in thousands of euros	12/31/22	12/31/21
Treasury bills and similar securities	0	0
Bonds and other fixed-income securities	351,828	368,434
Gross amount of held to maturity financial assets	**351,828**	**368,434**
Impairment	0	0
TOTAL FINANCIAL ASSETS HELD TO MATURITY	**351,828**	**368,434**

9.1.2 - Trading derivatives

Accounting policies: See 5.2.3

None.

9.1.3 - Hedging instruments

Accounting policies: See 5.3

None.

9.1.4 - Fair value hierarchy of insurance investments

Accounting policies: See Note 10.1

	12/31/22				12/31/21			
in thousands of euros	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			**417,407**	**417,407**	**0**		**432,812**	**432,812**
Securities held for trading	0	0	0	0	0	0	0	0
Bonds	0	0	0	0	0	0	0	0
Equities 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
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	324,010	207,840	137	531,987	411,869	196,594	180	608,643
Bonds	*25,323*	*59*	*0*	25,382	*25,607*	*1,090*	*0*	*26,697*
Equities and UCITS	*298,687*	*207,781*	*137*	506,605	*386,262*	*195,504*	*180*	*581,946*
Investments backed by unit-linked policies	1,566,512	1,088,219	0	2,654,731	1,502,372	612,194	0	2,114,566
Loans and receivables	*0*	*0*	*0*	0	*0*	*0*	*0*	*0*
Financial assets designated at fair value through profit or loss by option	**1,890,522**	**1,296,059**	**137**	**3,186,718**	**1,914,241**	**808,788**	**180**	**2,723,209**
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	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 AND LOSS	**1,890,522**	**1,296,059**	**137**	**3,186,718**	**1,914,241**	**808,788**	**180**	**2,723,209**
Equity interests	0	0	0	0	0	0	0	0
Other available-for-sale securities	3,050,132	785,678	722,632	4,558,442	3,597,455	951,750	687,991	5,237,196
Bonds	*2,379,442*	*296,278*	*258,810*	*2,934,530*	*2,827,893*	*401,595*	*331,842*	*3,561,330*
Shares and UCITS	*670,690*	*489,400*	*463,822*	*1,623,912*	*769,562*	*550,155*	*356,149*	*1,675,866*
Loans and receivables	0	0	0	0	0	0	0	0
FINANCIAL ASSETS AVAILABLE FOR SALE	**3,050,132**	**785,678**	**722,632**	**4,558,442**	**3,597,455**	**951,750**	**687,991**	**5,237,196**

After analysis, the investment properties were classified as level 3 in 2021.

Analysis of insurance investments classified in level 3 of the fair value hierarchy

		Gains and losses reported during the period			Management events during the period		Transactions during the period			
		On the income statement								
in thousands of euros	12/31/21	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	12/31/22
ASSETS										
INVESTMENT PROPERTY	**432,812**	**-2,150**	**0**	**0**	**110,938**	**-124,193**	**0**		**0**	**417,407**
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	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	180	10	-1	0	50	-102	0	0	0	137
Bonds	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Shares and UCITS	*180*	*10*	*-1*	*0*	*50*	*-102*	*0*	*0*	*0*	*137*
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	**180**	**10**	**-1**	**0**	**50**	**-102**	**0**	**0**	**0**	**137**
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		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*
Hedging derivatives	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	**180**	**10**	**-1**	**0**	**50**	**-102**	**0**	**0**	**0**	**137**
Equity securities	0	0	0	0	0	0	0	0	17,068	0
Other available-for-sale securities	687,991	0	308	739	108,628	-26,965	0	-48,069	0	722,632
Bonds	331,842	0	0	-33,459	10,024	-1,528	0	-48,069	0	258,810
Shares and UCITS	356,149	0	308	34,198	98,604	-25,437	0	0	0	463,822
Loans and receivables	0	0	0	0	0	0	0	0	0	0
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**687,991**	**0**	**308**	**739**	**108,628**	**-26,965**	**0**	**-48,069**	**0**	**722,632**

Analysis of transfers between levels of the fair value hierarchy

	12/31/22						12/31/21					
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**
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	0	0	0	0	0	0						
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	7	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	*7*	*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	**7**	**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	0	0	0	0	0	0						
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 AND LOSS	**7**	**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 securities available for sale	0	3,290	0	0	51,359	0	44,232	0	0	50,847	0	0
Bonds	0	3,290	0	0	51,359	0	44,232	0	0	50,847	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						
FINANCIAL ASSETS AVAILABLE FOR SALE	**0**	**3,290**	**0**	**0**	**51,359**	**0**	**44,232**	**0**	**0**	**50,847**	**0**	**0**

9.1.5 - Fair value of insurance investments measured at amortized cost

Accounting policies: See Note 10.2

	12/31/22				12/31/21			
In thousands of euros	Fair value	Price quoted on an active market (Level 1)	Measurement technique using observable data (Level 2)	Measurement techniques using nonobservable data (Level 3)	Fair value	Price quoted on an active market (Level 1)	Measurement technique using observable data (Level 2)	Measurement techniques using nonobservable 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	382,608	371,243	11,365	0	564,244	535,406	28,838	0
INVESTMENTS IN INSURANCE ACTIVITIES AT AMORTIzED COST	**382,608**	**371,243**	**11,365**	**0**	**564,244**	**535,406**	**28,838**	**0**

9.1.6 - Liabilities relating to insurance contracts

in thousands of euros	12/31/22	12/31/21
Technical reserves relating to insurance contracts	6,513,269	6,299,328
Technical reserves relating to unit-linked contracts	1,501,406	1,405,651
Technical reserves relating to insurance contracts	**8,014,675**	**7,704,979**
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	104,637	125,551
Technical reserves relating to financial contracts	**104,637**	**125,551**
Deferred profit-sharing liabilities ((1)	27,807	507,138
Debts arising from insurance and assumed reinsurance activities	23,795	41,084
Debts arising from ceded reinsurance activities	39,625	36,759
Trading derivatives	0	0
Hedging derivatives	0	0
Other liabilities	0	0
TOTAL LIABILITIES RELATING TO INSURANCE CONTRACTS	**8,210,539**	**8,415,511**

9.1.7 - 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.

9.1.8 - Amounts owed to credit institutions and customers

The information on debts to credit institutions and customers required by IFRS 7 is presented in note 5.

9.1.9 - Debts evidenced by certificates

The information on debt securities required by IFRS 7 is presented in note 5.

9.1.10 - Subordinated debts

The information on subordinated debt required by IFRS 7 is presented in note 5.

9.1.11 - Deferred profit sharing

in thousands of euros	12/31/22	12/31/21
Deferred profit-sharing assets		
Deferred profit-sharing liabilities	27,807	507,138
TOTAL DEFERRED PROFIT-SHARING (1)	**27,807**	**507,138**
of which deferred profit sharing recognised in equity in global integration	*74,079*	*492,840*

(1) By convention, net deferred profit sharing is shown as a negative amount when it is active.

9.2 - Notes to the income statement

9.2.1 - Net income from insurance activities

Accounting policies

Net income from insurance activities (NII) includes:

- 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 from investment properties,
  - Investment expenses and other financial expenses excluding financing expenses,
  - Capital gains and losses on the disposal of investments, including investment property,
  - Depreciation, impairment and reversal of impairment of investments (including investment property) and other assets (including assets held under operating leases), carried at amortized cost,
  - The change in fair value of investments (including investment property) carried at fair value through profit or loss ;
- Amortization of acquisition costs;
- External benefits expenses for contracts, which include the cost of benefits paid on insurance contracts and investment contracts with discretionary participation (expenses for benefits paid, allocations to and reversals of technical liabilities), including policyholder remuneration (deferred participation), as well as changes in the value of investment contracts, in particular for unit-linked contracts;
- Income from reinsurance assignments defined as the sum of ceded premiums, net of expenses related to ceded benefits and commissions;
- If applicable:
  - Net gains or losses arising from the derecognition of financial assets at amortized cost,
  - Net gains or losses resulting from the reclassification of financial assets at fair value through equity to financial assets at fair value through profit or loss.

in thousands of euros	**F22**	**F21**
Premiums written	**1,200,589**	**1,055,980**
Change in unearned premiums	-421	-3,593
Earned Premiums	**1,200,168**	**1,052,387**
Turnover and other income from insurance businesses	**162**	219
Income from investments	98,178	151,208
Expenses on investments	-4,992	-5,307
Gains or losses on disposals of investments less reversals of impairment and amortization	12,798	117,931
Change in fair value of investments recognized at fair value through profit or loss	-103,344	52,766
Change in impairment for investments	0	0
Income from investments net of expenses	**2,640**	316,598
Amortization of acquisition costs	**0**	0
Claims and benefit expenses	**-970,739**	-1,157,747
Income from reinsurance cessions	185,158	194,102
Expenses on reinsurance cessions	-274,739	-274,996
Net income or expenses on reinsurance cessions	**-89,581**	-80,894
NET INCOME FROM INSURANCE BUSINESSES	**142,650**	130,563

9.3 - Disclosure of the temporary exemption from the application of IFRS 9 for insurance activities

	12/31/22		12/31/21	
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	2,846,026	-783,166	3,433,382	179,502
Other financial assets	5,700,149	371,881	5,328,268	338,912
TOTAL INVESTMENTS IN INSURANCE ACTIVITIES(1)	**8,546,175**	**-411,285**	**8,761,650**	**518,414**

(1) Included are non-basic financial assets (including mutual funds), financial assets (basic and non-basic) held for trading and financial assets designated at fair value option.

The amount of change in fair value during the period was revised for the year 2021.

Basic financial assets with no low credit risk at the balance sheet date

	12/31/22		12/31/21	
in thousands of euros	Carrying amount	Fair value	Carrying amount	Fair value
Basic financial assets	181,475	181,342	273,076	274,777
TOTAL	**181,475**	**181,342**	**273,076**	**274,777**

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 by BRED Group entities for the valuation of their financial instruments.

Financial assets and liabilities are measured in the balance sheet either at fair value or at amortized cost. An indication of the fair value of items measured at amortized cost is however presented in the notes.

For instruments that are traded in an active market with quoted prices, the fair value is equal to the quoted price, corresponding to level 1 in the fair value hierarchy.

For other types of financial instruments not quoted in an active market, including loans, borrowings and over-the-counter derivatives, fair value is determined using valuation techniques that give preference to market models and observable data, corresponding to level 2 in the fair value hierarchy. Otherwise, where 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 participants would use to price the asset or liability. These assumptions include, in particular, for derivatives, an assessment of the counterparty risk (or CVA - *Credit Valuation Adjustment*) and the non-performance risk (DVA - *Debit Valuation Adjustment*). The valuation of these valuation adjustments is based on market parameters.

In addition, the valuations of derivatives traded with a counterparty that is a member of Groupe BPCE's solidarity mechanism (see note 1.2) are not subject to CVA or DVA calculations in the Group's accounts.

- ***Fair value on first recognition date***

For the majority of transactions entered into by the group, the transaction price (i.e. the value of the consideration paid or received) provides the best estimate of the fair value of the transaction at the first recognition date. If this is not the case, the group adjusts the transaction price. The accounting for this adjustment is described in the paragraph "Accounting for *day one profit*".

Fair Value Hierarchy

- ***Level 1 fair value and active market concept***

For financial instruments, quoted prices in an active market ("Level 1 fair value") are the most reliable indication of fair value. To the extent that such prices exist, they should be used without adjustment to measure fair value.

An active market is a market in which trading in the asset or liability takes place with sufficient frequency and volume.

The decline in the level of market activity can be revealed by indicators such as:

- A significant decline in the primary market for the relevant financial asset or liability (or similar instruments);
- A significant decrease in transaction volume;
- Low frequency of quotation updates;
- Steep differences in prices available over time between the various players on the market;

- A loss of correlation with indices that previously had 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 large differences between the bid and ask prices (very wide range).

Instruments valued using quoted prices (unadjusted) in an active market (level 1)

These are mainly equities, government or corporate bonds, and certain derivatives traded on organized markets (for example, standard options on the CAC 40 or Eurostoxx indices).
Moreover, for UCITS, the fair value will be considered as level 1 if the net asset value is daily, and if it is a security on which it is possible to place an order.

- ***Level 2 fair value***

Where there is no quoted market price in an active market, fair value may be determined using an appropriate methodology, consistent with valuation methods commonly accepted in financial markets, which favors market observable inputs ("Level 2 fair value").

If the asset or liability has a specified (contractual) maturity, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include:

- Quoted prices in active or non-active markets for similar assets or liabilities;
- Inputs other than quoted market prices that are observable for the asset or liability, such as:
  - Interest rates and observable yield curves at standard intervals,
  - Implied volatilities,
  - Credit spreads;
- Market-substantiated inputs, i.e., obtained primarily from or corroborated by observable market data, by correlation or otherwise.

Instruments valued using recognized models with directly or indirectly observable parameters (level 2)

Level 2 derivative instruments

In particular, the following will be classified in this category

- Standard interest rate swaps or CMS ;
- Forward Rate Agreements (FRAs);
- Standard swaptions;
- Standard caps and floors;
- Forward purchases and sales of liquid currencies ;
- Liquid currency swaps and options;
- Liquid credit derivatives on a particular issuer (*single name*) or on iTraax or iBoxx indices

Level 2 non-derivative instruments

Certain complex and/or long-dated financial instruments are valued using a recognized model and market parameters calibrated from observable data (such as yield curves, implied volatility of options), data resulting from market consensus or from active over-the-counter markets.

For all these instruments, the observability of the parameter has been demonstrated. Methodologically, the observability of parameters is based on four inseparable conditions:

- The parameter comes from external sources (via a recognized contributor);

- The parameter is updated regularly;
- The parameter is representative of recent transactions; and
- The characteristics of the parameter are identical to those of the transaction.

The trading margin on these financial instruments is recognized immediately in profit or loss.

Level 2 includes:

- 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 recognized 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;
- FCPR: the net asset value is often an indicative value since it is often not possible to exit;
- ;Structured equity products with multiple underlyings, fund options, hybrid interest rate products, securitization swaps, structured credit derivatives, interest rate option products;
- Securitization 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 the margin generated at initiation (**Day one profit*****)***

Day-one profit generated on first recognition of a financial instrument can only be recognized in in profit and loss if the financial instrument can be reliably measured at inception. This condition is considered to be met by instruments traded on an active market and by instruments valued using recognized models based solely on observable market data.

For other instruments, valued using unobservable data or proprietary models, the profit generated at inception (Dayone 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 parameters used become observable or the valuation technique used evolves towards a recognized and widespread model, the portion of day-one profit neutralized on first recognition and not yet recognized 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 shares***

The value of the central institution's securities, classified as equity securities at fair value through non-recyclable equity, was determined by calculating a revalued net asset value that includes the revaluation of BPCE's main subsidiaries.

BPCE's subsidiaries are mainly valued on the basis of discounted 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.

The revalued net assets of BPCE include the intangible assets held by BPCE, which were valued by an independent expert, as well as the central body's structural expenses.

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 in level 3 of the hierarchy.

At 31 December 2022, the carrying amount of BPCE shares in BRED SA's financial statements was €16,361 million.

- ***Fair value of financial instruments carried at amortized 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.

Indeed, in most cases, the values communicated are not intended to be realized, and generally could not be realized in practice.

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.

Therefore, the following simplifying assumptions were made:

In a number of cases, the carrying amount is considered to be representative of the fair value

These include:

- Short-term financial assets and liabilities (with an initial maturity of less than or equal to one year), insofar as the sensitivity to interest rate risk and credit risk is not significant over the period;
- Liabilities repayable on demand;
- Floating-rate loans and borrowings;
- Transactions on a regulated market (in particular, regulated savings products) for which 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 which discount the recoverable future cash flows of 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 inception and not subsequently revalued. Early repayment options are taken into account in the form of an adjustment to the amortization profile of the loans.

Fair value of debts

For fixed-rate debts to credit institutions and customers with a term of more than one year, the fair value is assumed to correspond to the present value of future cash flows at the interest rate observed at the balance sheet date.

10.1 - Fair value of financial assets and liabilities

10.1.1 - Fair value hierarchy for financial assets and liabilities

The breakdown of financial instruments by type of price or valuation model is given in the table below:

At 31 December 2022

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	**1,612,031**	**1,029,516**	**30,660**	**2,672,207**
Loans due from credit institutions and customers	0	0	0	0
Debt securities	1,612,031	1,029,516	30,660	**2,672,207**
Equity instruments	**2,164,522**	**3,472**	**2,839**	**2,170,833**
Shares and other equity securities	2,164,522	3,472	2,839	**2,170,833**
Derivatives	**623,911**	**1,919,501**	**13,370**	**2,556,781**
Interest rate derivatives	0	1,538,139	12,892	**1,551,031**
Equity derivatives	623,231	105,542	0	**728,773**
Currency derivatives	680	274,783	478	**275,940**
Credit derivatives	0	1,037	0	**1,037**
Other derivatives	0	0	0	0
Other	0	0	**0**	0
Financial assets at fair value through profit or loss – Held for trading (1)	**4,400,464**	**2,952,489**	**46,869**	**7,399,821**
Derivatives	**0**	**13,588**	**117**	**13,705**
Interest rate derivatives	0	13,588	0	**13,588**
Equity derivatives	0	0	0	**0**
Currency derivatives	0	0	117	**117**
Credit derivatives	0	0	0	**0**
Other derivatives	0	0	0	**0**
Financial assets at fair value through profit or loss - Economic hedging	**0**	**13,588**	**117**	**13,705**
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	**35**	**127,982**	**665,432**	**793,449**
Loans due from credit institutions and customers	0	127,909	0	**127,909**
Debt securities	35	73	665,432	**665,540**
Financial assets at fair value through profit or loss - Non-standard	**35**	**127,982**	**665,432**	**793,449**
Equity instruments	**0**	**0**	**3,443**	**3,443**
Shares and other equity securities	0	0	3,443	**3,443**
Financial assets at fair value through profit or loss - Excluding trading	**0**	**0**	**3,443**	**3,443**
Debt instruments	**11,254,700**	**807,377**	**811,259**	**12,873,336**
Loans due from credit institutions and customers	0	0	0	**0**
Debt securities	11,254,700	807,377	811,259	**12,873,336**
Equity instruments	**106,031**	**23,559**	**1,098,565**	**1,228,156**
Shares and other equity securities	106,031	23,559	1,098,565	**1,228,156**
Financial assets at fair value in equity	**11,360,731**	**830,936**	**1,909,824**	**14,101,492**
Interest rate derivatives	0	734,620	0	**734,620**
Equity derivatives	0	0	0	**0**
Currency derivatives	0	24,158	0	**24,158**
Credit derivatives	0	0	0	**0**
Other derivatives	0	0	0	**0**
Hedging derivatives	**0**	**758,778**	**0**	**758,778**
TOTAL FINANCIAL ASSETS AT FAIR VALUE	**15,761,230**	**4,683,773**	**2,625,685**	**23,070,688**

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	816,271	87	0	816,358
Derivatives	5,925	2,579,484	22,146	2,607,555
- Interest rate derivatives	0	1,672,293	21,157	1,693,450
- Equity derivatives	5,824	187,939	0	193,763
- Currency derivatives	101	717,154	989	718,244
- Credit derivatives	0	2,098	0	2,098
- 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)	822,196	2,579,571	22,146	3,423,913
Derivatives	0	196	2	198
Interest rate derivatives	0	0	2	2
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	196	2	198
Debts evidenced by certificates	0	0	0	0
Other financial liabilities	0	0	0	0
Financial liabilities at fair value through profit or loss - by option	0	0	0	0
Interest rate derivatives	0	578,694	0	578,694
Equity derivatives	0	0	0	0
Currency derivatives	0	76,327	0	76,327
Credit derivatives	0	0	0	0
Other derivatives	0	0	0	0
Hedging derivatives	0	655,021	0	655,021
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE	822,196	3,234,788	22,148	4,079,132

(1) Excluding economic coverage.

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 through 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				
Debts 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 liabilities	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
Debts evidenced by certificates	0	0	0	0
Other financial liabilities	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 coverage.

10.1.2 - Analysis of financial assets and liabilities classified in level 3 of the fair value hierarchy

At 31 December 2022

in thousands of euros	12/31/21	Gains and losses reported during the period			Management events during the period		Transactions during the period			12/31/22
		On the income statement								
		On transactions in progress at closing	On transactions derecognized at closing	in equity	Purchases/ Issues	Sales/ Redemptions	to another reporting category	from and to another level	Other changes	
FINANCIAL ASSETS										
Debt instruments	**336,618**	**-2,061**	**619**	**0**	**21,145**	**-280,806**	**0**	**-50,851**	**5,996**	**30,660**
Loans due from credit institutions and customers	0	0	0	0	0	0	0	0	0	0
Debt securities	336,618	-2,061	619	0	21,145	-280,806	0	-50,851	5,996	30,660
Equity instruments	**0**	**-1,061**	**0**	**0**	**411**	**0**	**0**	**3,489**	**0**	**2,839**
Shares and other equity securities	0	-1,061	0	0	411	0	0	3,489	0	2,839
Derivatives	**22,505**	**13,738**	**-1,039**	**0**	**0**	**1,224**	**-25,048**	**1,990**	**0**	**13,370**
Interest rate derivatives	21,365	13,025	-4	0	0	1,224	-25,048	2,330	0	12,892
Equity derivatives	0	0	0	0	0	0	0	0	0	0
Currency derivatives	1,140	713	-1,035	0	0	0	0	-340	0	478
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**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial assets at fair value through profit or loss - Held for trading (3)	**359,123**	**10,616**	**-420**	**0**	**21,556**	**-279,582**	**-25,048**	**-45,372**	**5,996**	**46,869**
Derivatives	**0**	**-78**	**0**	**0**	**0**	**182**	**0**	**13**	**0**	**117**
Rate derivatives	0	0	0	0	0	0	0	0	0	0
Equity derivatives	0	0	0	0	0	0	0	0	0	0
Foreign exchange derivatives	0	-78	0	0	0	182	0	13	0	117
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**	**-78**	**0**	**0**	**0**	**182**	**0**	**13**	**0**	**117**
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 - On option	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Debt instruments	**576,452**	**50,088**	**-5,573**	**0**	**58,045**	**-23,604**	**0**	**0**	**10,024**	**665,432**
Loans due from credit institutions and customers	0	0	0	0	0	0	0	0	0	0
Debt securities	576,452	50,088	-5,573	0	58,045	-23,604	0	0	10,024	665,432
Financial assets at fair value through profit or loss - Non-standard	**576,452**	**50,088**	**-5,573**	**0**	**58,045**	**-23,604**	**0**	**0**	**10,024**	**665,432**
Equity instruments	**10,511**	**-4,554**	**-631**	**0**	**173**	**-2,029**	**-27**	**0**	**0**	**3,443**
Shares and other equity securities	10,511	-4,554	-631	0	173	-2,029	-27	0	0	3,443
Financial assets at fair value through profit or loss - Excluding transactions	**10,511**	**-4,554**	**-631**	**0**	**173**	**-2,029**	**-27**	**0**	**0**	**3,443**
Debt instruments	**782,843**	**-54,373**	**-656**	**-41,868**	**422,537**	**-271,677**	**0**	**-26,197**	**650**	**811,259**
Loans due from credit institutions and customers	0	0	0	0	0	0	0	0	0	0
Debt securities	782,843	-54,373	-656	-41,868	422,537	-271,677	0	-26,197	650	811,259
Equity instruments	**1,229,322**	**11**	**4**	**-175,291**	**89,030**	**-19,747**	**-3,248**	**-19,416**	**-2,100**	**1,098,565**
Shares and other equity securities	1,229,322	11	4	-175,291	89,030	-19,747	-3,248	-19,416	-2,100	1,098,565
Financial assets at fair value through equity	**2,012,165**	**-54,362**	**-652**	**-217,159**	**511,567**	**-291,424**	**-3,248**	**-45,613**	**-1,450**	**1,909,824**
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	12/31/21	Gains and losses reported during the period			Management events during the period		Transactions during the period		Other changes	12/31/22
		To the income statement								
		On transactions in progress at closing	On transactions derecognized at closing	in equity	Purchases/ Issues	Sales/ Redemptions	to another reporting category	from and to another level		
FINANCIAL LIABILITIES										
Debts securities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Derivatives	**28,361**	**14,176**	**-2,976**	**0**	**0**	**8,193**	**-25,048**	**-560**	**0**	**22,146**
Interest rate derivatives	25,211	12,805	-4	0	0	8,193	-25,048	0	0	21,157
Equity derivatives	0	0	0	0	0	0	0	0	0	0
Currency derivatives	3,150	1,371	-2,972	0	0	0	0	-560	0	989
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 liabilities	0	0	0	0	0	0	0	0	**0**	0
Financial liabilities at fair value through profit or loss - Held for trading (3)	**28,361**	**14,176**	**-2,976**	**0**	**0**	**8,193**	**-25,048**	**-560**	**0**	**22,146**
Derivatives	**0**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2**
Interest rate derivatives	0	2	0	0	0	0	0	0	0	2
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**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2**
Debts evidenced by a drawing	0	0	0	0	0	0	0	0	0	0
Other financial liabilities	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

in thousands of euros	12/31/20	Gains and losses reported during the period			Management events during the period		Transactions during the period		Other changes	12/31/21
		On the income statement								
		On transactions in progress at closing	On transactions derecognized at closing	in equity	Purchases/ Issues	Sales/ Redemptions	to another reporting category	from and to another level		
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 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 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 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 through 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	12/31/20	Gains and losses reported during the period – On the income statement – On transactions in progress at closing	On transactions derecognized 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	12/31/21
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 liabilities	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**
Debts evidenced by a drawing	0	0	0	0	0	0	0	0	0	0
Other financial liabilities	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 2022, financial instruments valued using a technique that uses unobservable inputs include, in particular:

At 31 December 2022, the valuation of BPCE shares recognized at fair value through equity amounted to €809.24 million.

During the financial year, €16.8 million of gains and losses were recognized in the income statement in respect of financial assets and liabilities classified in level 3, including €12.5 million in respect of transactions not settled by 31 December 2022.

During the financial year, €217.2 million of gains and losses were recognized directly in equity in respect of level 3 financial assets, including €217.2 million in respect of unwound transactions at 31 December 2021.

10.1.3 - Analysis of transfers between levels of the fair value hierarchy

The transfer amount shown in this table is the amount of the last valuation preceding the change of level.

in thousands of euros	F22					
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	**285,710**	**0**	**16,457**	**407**	**0**	**51,258**
Loans due from credit institutions and customers	0	0	0	0	0	0
Debt securities	285,710	0	16,457	407	0	51,258
Equity instruments	**0**	**0**	**66**	**3,489**	**0**	**0**
Shares and other equity securities	0	0	66	3,489	0	0
Derivatives	**0**	**0**	**0**	**2,330**	**0**	**340**
Interest rate derivatives	0	0	0	2,330	0	0
Equity derivatives	0	0	0	0	0	0
Currency derivatives	0	0	0	0	0	340
Credit derivatives	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0
Other	0	0	0	0	0	0
Financial assets at fair value through profit or loss - Held for trading (1)	**285,710**	**0**	**16,523**	**6,226**	**0**	**51,598**
Derivatives	0	0	0	13	0	0
Interest rate derivatives	0	0	0	0	0	0
Equity derivatives	0	0	0	0	0	0
Currency derivatives	0	0	0	13	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	13	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**	**41**	**0**	**0**	**0**
Loans due from credit institutions and customers	0	0	0	0	0	0
Debt securities	0	0	41	0	0	0
Financial assets at fair value through profit or loss - Non-standard	**0**	**0**	**41**	**0**	**0**	**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	**63,448**	**0**	**44,628**	**0**	**26,197**	**0**
Loans due from credit institutions and customers	0	0	0	0	0	0
Debt securities	63,448	0	44,628	0	26,197	0
Equity instruments	0	0	0	0	0	19,416
Shares and other equity securities	0	0	0	0	0	19,416
Financial assets at fair value through equity	**63,448**	**0**	**44,628**	**0**	**26,197**	**19,416**
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	F22					
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	1,603	0	0	0
Derivatives	**0**	**0**	**0**	**0**	**0**	**560**
Interest rate derivatives	0	0	0	0	0	0
Equity derivatives	0	0	0	0	0	0
Currency derivatives	0	0	0	0	0	560
Credit derivatives	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0
Other financial liabilities	**0**	**0**	**0**	**0**	**0**	**0**
Financial liabilities at fair value through profit or loss - Held for trading*	**0**	**0**	**1,603**	**0**	**0**	**560**
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**
Debts evidenced by certificates	0	0	0	0	0	0
Other financial liabilities	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		F21				
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 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 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 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 through 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		F21				
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 liabilities	**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**
Debts evidenced by certificates	0	0	0	0	0	0
Other financial liabilities	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 transfer amount shown 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 under level 3 in Groupe BRED's balance sheet is its investment in the BPCE central body.

This investment is classified as "fair value through equity".

The methods used to measure the fair value of BPCE SA shares 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 discount rate is one of the most significant parameters. However, the infinite growth rate has no significant impact on the fair value at 31 December 2022.

A decrease in the discount rate of 0.25% would lead to an increase in the fair value of BPCE securities of €546 million, on a like-for-like basis. This amount would have a positive impact on "Gains and losses recognized directly in equity" to the extent of BRED Banque Populaire's percentage holding.

An increase in the discount rate of 0.25% would lead to a decrease in the fair value of BPCE securities of €514 million, on a like-for-like basis. This amount would have a negative impact on "Gains and losses recognized directly in equity" to the extent of BRED Banque Populaire's percentage holding.

Groupe BRED's assets classified in level 3 fair value are sensitive to changes in the French and European economic conditions. Excluding BPCE securities, the estimated sensitivity is €243,000.

The cumulative sensitivity (interest rates, inflation, equities, etc.) of derivative instruments classified in level 3 amounts to -€117,000 in the event of a 100 basis point rise in the underlying factors and +€126,000 in the event of a 100 basis point decrease in the underlying factors.

10.2 - Fair value of financial assets and liabilities at amortized cost

For financial instruments that are not measured at fair value on the balance sheet, the fair value calculations are disclosed for information purposes and should be interpreted as estimates only.
Indeed, in most cases it is not intended to realise the fair value indicated and in practice such value could not generally be realized.

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 simplifying assumptions used to measure the fair value of instruments at amortized cost are presented in note 10.1.

	12/31/22				12/31/21			
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	**51,830,058**	**343,894**	**19,166,587**	**32,319,577**	**49,446,145**	**330,073**	**21,456,450**	**27,659,622**
Loans and receivables due from credit institutions	9,204,449	0	7,206,188	1,998,260	12,623,092		11,073,064	1,550,027
Loans and advances to customers	40,294,725	0	10,368,783	29,925,943	34,603,315		9,194,418	25,408,897
Debt securities	2,330,884	343,894	1,591,616	395,374	2,219,739	330,073	1,188,968	700,698
Other								
FINANCIAL LIABILITIES AT AMORTIZED COST	**100,198,206**	**0**	**89,613,621**	**10,584,585**	**66,630,209**	**0**	**57,436,092**	**9,194,117**
Amounts owed to credit institutions	34,167,017	0	33,571,847	595,169	19,508,541		19,346,608	161,933
Amounts due to customers	55,952,558	0	45,988,543	9,964,016	39,763,913		30,739,731	9,024,182
Debt securities	10,071,502	0	10,046,102	25,400	7,351,293		7,343,291	8,002
Subordinated debt	7,129	0	7,129	0	6,462		6,462	0

NOTE 11 - TAXES

11.1 - Income taxes

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:

- Current taxes, which are the amount of tax payable (recoverable) in respect of the taxable profit (tax loss) for 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);
- 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 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 ʾguidelines, 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 in the balance sheet under the headings "Deferred tax assets", "Current tax assets", "Deferred tax liabilities" and "Current tax liabilities", depending on their significance and whether they relate to current or deferred taxes.

Breakdown of the tax charge between current and deferred taxes

in thousands of euros	F22	F21
Current tax	-115,354	-132,197
Deferred tax	-37,388	-10,074
INCOME TAX	-152,742	-142,271

Reconciliation between the recorded tax expense and the theoretical tax expense

	12/31/22		12/31/21	
	in thousands of euros	tax rate	in thousands of euros	tax rate
Net income (group share)	507,446		412,440	
Changes in the value of goodwill	0		0	
Non-controlling interests	9,424		1,958	
Share of net income or loss of associates	-26,113		-26,935	
Taxes	152,742		142,271	
PROFIT BEFORE TAX AND CHANGES IN VALUE OF GOODWILL (A)	**643,499**		**529,733**	
Effect of permanent differences [1]	-14,653		-14,562	
Consolidated taxable income (A)	**628,846**		**515,171**	
Standard income tax rate in France (B)		**25.83%**		**28.41%**
Theoretical tax expense (income) at the tax rate in force in France (A*B)	**-180,869**		**-165,059**	
Impact of the change in unrecognized deferred tax assets and liabilities				
Reduced rate of tax and tax-exempt activities	1,494		1,732	
Difference in tax rates on income taxed outside France	5,317		3,936	
Tax on prior periods, tax credits and other tax	7,006		5,696	
Effects of changes to tax rate				
Other items	14,309		11,424	
TAX EXPENSE (INCOME) RECOGNIZED	**-152,742**		**-142,271**	
EFFECTIVE TAX RATE (INCOME TAX EXPENSE DIVIDED BY TAXABLE INCOME)		**-24.29%**		**-27.62%**

(1) Since 31 December 2020, permanent differences have been presented on a basic basis and restated in consolidated taxable income. Their effect is therefore now excluded from the difference between the effective tax rate and the theoretical tax rate.

11.2 - Deferred taxes

Accounting policies

Deferred taxes are recognized when 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 recognized only when it is probable that the entity concerned can recover them in the foreseeable future.

Deferred taxes are recognized as tax income 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 recorded as unrealized gains and losses recognized 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 (deferred tax assets are shown as positive, deferred tax liabilities as negative figures):

in thousands of euros	12/31/22	12/31/21
Deferred taxes from temporary accounting-tax offsets	**169,293**	**137,326**
Provisions for employee-related liabilities	10,183	9,855
Provisions for home-savings products	5,091	5,446
Provisions based on portfolios	46,674	37,182
Other non-deductible reserves	50,214	38,665
Deferred taxes on deferred tax losses	1,331	1,866
Deferred taxes not recognized	-523	-781
Other sources of temporary differences	56,323	45,093
Deferred taxes on unrealised reserves	**-15,872**	**-23,483**
Financial assets at fair value by OCI NR (1)	-3,577	-7,893
Financial assets at fair value by OCI R (1)	2,965	-18,688
Cash flow hedge	-11,589	705
Actuarial deviations on social liabilities	-3,671	2,393
Own credit risk	0	0
Deferred taxes not recognized	0	0
Deferred income tax	**-64,344**	**-22,168**
NET DEFERRED TAX	**89,077**	**91,675**
Accounted for		
- Balance sheet assets	364,540	94,926
- On the liabilities side of the balance sheet	-275,463	-3,251

(1) The deferred taxes associated with these instruments are presented net of the deferred taxes corresponding to the cancellation of provisions for impairment under French GAAP.

Deferred tax assets are only recognized at the balance sheet date if it is probable that the tax entity concerned will be able to recover the tax savings over a given period. Groupe BRED applies the following principle: tax business plans are based on the first three years of the strategic plan.

These savings will be realized by offsetting taxable differences and losses carried forward against estimated future taxable profits within this time frame.

NOTE 12 - OTHER INFORMATION

12.1 - Segment information

12.1.1 - Income statement segment information

BRED Banque Populaire's operations are organized into four business divisions:

- Commercial banking in France, which includes all the activities of the branches, wealth management centers, business centers, corporate banking and the subsidiaries linked to these businesses, as well as ALM (asset and liability management);
- 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	2022	2021 proforma	Evol. 2022/2021	2022	2021 proforma	Evol. 2022/2021	2022	2021 proforma	Evol. 2022/2021	2022	2021 proforma	Evol. 2022/2021
Net banking income	**1,165,391**	**1,066,241**	**9.3%**	**171,616**	**122,598**	**40.0%**	**177,297**	**140,921**	**25.8%**	**122,529**	**126,326**	**-3.0%**
Participation fee	-657,974	-604,986	8.8%	-101,863	-85,327	19.4%	-75,467	-67,771	11.4%	-50,872	-44,847	13.4%
Gross operating income	**507,417**	**461,255**	**10.0%**	**69,753**	**37,271**	**87.2%**	**101,830**	**73,149**	**39.2%**	**71,657**	**81,479**	**-12.1%**
Cost/income ratio	56.5%	56.7%	-0,3 pt	59.4%	69.6%	-10,2 pts	42.6%	48.1%	-5,5 pts	41.5%	35.5%	6 pts
Cost of risk to performing loans (levels 1 and 2) Cost of	*-6,556*	*-21,038*	*NA*	*1,491*	*-13,131*	*NA*	*0*	*0*	*NA*	*-326*	*-71*	*NA*
Cost of risk to impaired loans (level 3) Cost of risk	*-99,555*	*-85,123*	*17.0%*	*-3,197*	*-5,140*	*-37.8%*	*0*	*0*	*NA*	*-154*	*360*	*NA*
Cost of risk	-106,111	-106,161	X 1	-1,706	-18,272	X 0.1	0	0	NA	-480	289	X -1.7
Operating income	**401,306**	**355,094**	**13.0%**	**68,047**	**19,000**	**258.2%**	**101,830**	**73,149**	**39.2%**	**71,177**	**81,768**	**-13.0%**
Income for equity method companies	0	470	-100.0%	36,040	29,992	20.2%	0	0	NA	-9,927	-3,527	181.5%
Net gains or losses on other assets	0	0	NA	0	0	NA	0	0	NA	1,139	722	NA
Change in goodwill	0	0	NA	0	0	NA	0	0	NA	0	0	NA
Profit before tax	**401,306**	**355,564**	**12.9%**	**104,087**	**48,992**	**112.5%**	**101,830**	**73,149**	**39.2%**	**62,389**	**78,963**	**-21.0%**

When the breakdown was refined in 2022, the 2021 data was modified accordingly for comparability purposes.

12.1.2 - Segment analysis of consolidated balance sheet by geographic region

JOBS	2022					
in thousands of euros	Mainland France	French overseas	Abroad	European countries	North America	Rest of the world
Financial assets	23,345,177	1,234	2,055,161	2,052,590	0	2,571
Loans and advances to credit institutions	40,565,917	1,612,480	852,259	363,559	0	488,701
Loans and advances to customers	31,258,375	7,149,251	2,486,104	1,009,344	0	1,476,761
Accrued income and other assets	9,356,209	756,861	54,703	12,891	0	41,812
Non-current assets	283,932	270,228	253,126	13,764	0	239,362
TOTAL ASSETS	**104,809,609**	**9,790,055**	**5,701,353**	**3,452,147**	**0**	**2,249,207**

RESOURCES	2022					
in thousands of euros	Metropolis	French overseas	Abroad	European countries	North America	Rest of the world
Financial liabilities	4,077,480	0	1,652	101	0	1,551
Amounts due to credit institutions	33,889,632	181,152	193,533	43,346	0	150,187
Amounts due to customers	47,339,923	6,350,256	2,279,779	632,109	0	1,647,670
Debt securities	10,055,802	7,821	7,979	0	0	7,979
Securities transactions and other liabilities	3,909,231	2,768,753	2,908,536	2,600,208	0	308,328
Provisions, equity and similar	5,537,541	482,073	309,874	176,383	0	133,491
TOTAL LIABILITIES	**104,809,609**	**9,790,055**	**5,701,353**	**3,452,147**	**0**	**2,249,207**

12.1.3 - Segment analysis of consolidated income by geographic region

The geographical analysis of segment results is based on the location of the accounting records of the activities.

in thousands of euros	F22	F21
Mainland France	1,136,295	1,023,983
French overseas	323,336	303,289
Other European countries	68,958	47,924
North America	0	0
Rest of the World	108,243	80,890
TOTAL	**1,636,832**	**1,456,086**

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 on leases provides five examples of situations that individually or collectively distinguish a finance lease 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, may lead to a classification 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 option of extending the lease at a rent that is significantly below the market price.

At the inception of the lease, the assets subject to a finance lease are recognized in the lessor's balance sheet as a receivable in an amount equal to the net investment in the lease. 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.

In accordance with IFRS 16, unguaranteed residual values are reviewed on a regular basis. A decrease in the estimated unguaranteed residual value results in a change in the income allocation profile over the life of the contract. In this case a new amortization schedule is established and an expense is recorded to correct the amount of financial income already recognized.

Impairment losses, if any, for counterparty risk on finance lease receivables are determined in accordance with IFRS 9 and using the same method as for financial assets carried at amortized cost (note 4.1.10). Their impact on the income statement is shown in Cost of credit risk.

Income from finance leases is recognized as financial income in the income statement under "Interest and similar income". This financial income is recognized on the basis of the implicit interest rate (IRR), which reflects a constant periodic rate of return on the lessor's net investment. The rate of return implicit in the lease is the discount rate that makes the following two items equal:

- Net investment;
- And the entry value of the asset (fair value at inception plus initial direct costs consisting of costs specifically incurred by the lessor to set up a lease).

Operating leases

A contract that does not qualify 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 recognized 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	Financial year 2022	Financial year 2021
Interest expense on rental liabilities	0	0
Variable rental payments not taken into account in the valuation of rental liabilities	0	0
Capital gains or losses on disposals of leased property	0	0
Finance leasing products	**0**	**0**
Rental products	920	969
Variable rent payments not based on an index or rate	0	0
Simple Rental Products	**920**	**969**

Repayment schedule for finance leases

in thousands of euros	12/31/22							12/31/21						
	Remaining maturity							Residual maturity						
	< 1 an	1 year < 2 years	2 years < 3 years	3 years < 4 years	4 years < 5 years	> 5 years	Total	< 1 an	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)	97,710	74,808	57,445	36,891	14,710	5,676	287,240	91,739	68,308	49,645	29,856	12,496	4,641	256,685
Discounted rent payments (net investment)	93,611	71,670	55,035	35,343	14,093	5,438	275,190	87,994	65,519	47,618	28,637	11,986	4,452	246,206
Of which discounted amount of the non-guaranteed residual value	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unearned finance income	4,099	3,138	2,410	1,548	617	238	12,050	3,745	2,789	2,027	1,219	510	189	10,479
Operating leases								-	-	-	-	-	-	-
Rent payments	937	781	781	713	693	171	4,076	908	703	693	693	693	864	4,554

12.2.2 - Leasing operations as lessee

Accounting policies

IFRS 16 applies to contracts that, regardless of their legal name, meet the definition of a lease as established by the standard. This definition implies, on the one hand, the identification of an asset and, on the other hand, the control by the lessee of the right to use that asset. Control is established when the lessee has both of the following rights throughout the period of use:

- The right to obtain substantially all the economic benefits from the use of the property ;
- The right to decide on the use of the property.

The existence of an identified asset is conditional on the absence, for the lessor, of substantial rights of substitution of the leased asset, this condition being assessed in the light of the facts and circumstances existing at the beginning of the contract. 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 recognized if the asset value is equal to that of the liability. Subsequent net temporary differences, resulting from changes in amounts recognized 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 based on the latest index or rate in effect, any residual value guarantees and, where applicable, any amounts payable to the lessor under options the exercise of which is reasonably certain.

Excluded from the rental payments taken into account to determine the rental liability are variable payments not based on an index or a rate, taxes such as VAT, whether recoverable or not, and the housing tax.

The right of use is recognized as an asset at the inception of the lease at a value equal to the amount of the lease liability at that date, adjusted for payments made to the lessor before or at that date and thus not taken into account in the measurement of the lease liability, less any 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 amortized 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 plus the notice period for termination.

The term of contracts not renewed or terminated at that time, known as "tacit extensions", is determined on the basis of an expert judgment as to the prospects of holding these contracts and, failing that, in the absence of ad hoc information, on a reasonable horizon of three years.

For contracts recognized in the balance sheet, the expense relating to the lease liability is included in the interest margin within net banking income, while the amortization expense for the right of use is recorded in depreciation of fixed assets within gross operating income.

Rental agreements not recognized 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.

Impact on the income statement of lessee leases

in thousands of euros	F22	F21
Interest expense on rental liabilities	- 458	- 354
Depreciation allowance for rights of use	- 20,760	- 20,489
Variable rental payments not included in the valuation of rental liabilities	-	- 372
RENTAL EXPENSES RELATING TO LEASE CONTRACTS RECOGNISED ON THE BALANCE SHEET	**- 21,218**	**- 21,215**

in thousands of euros	F22	F21
Rental expense on short-term contracts	- 497	- 283
Rental expenses relating to low-value assets	- 903	- 767
RENTAL EXPENSES RELATING TO LEASE CONTRACTS NOT RECOGNISED ON THE BALANCE SHEET	**- 1,400**	**- 1,050**

Maturity of lease liabilities

in thousands of euros	12/31/22					12/31/21				
	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	9,880	9,527	48,628	17,826	85,860	7,372	7,228	41,730	20,445	76,775

Commitments on leases not yet recognized in the balance sheet

in thousands of euros	12/31/22				12/31/21			
	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	> 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 recognized 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 recognized in the balance sheet

in thousands of euros	F22	F21
Income from sub-letting – operating leases	66	68
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	F22	F21
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 amounts outstanding at the end of the period between fully consolidated Group companies are wholly eliminated on consolidation.

Under these conditions, transactions with related parties include reciprocal transactions with:

- The BPCE central institution;
- Joint ventures that are accounted for using the equity method ;
- Entities over which the Group exercises significant influence and which are accounted for by the equity method (associates).

	12/31/22				12/31/21			
in thousands of euros	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	3,979,158			179,023	6,892,935			109,278
Other financial assets	1,061,133			-	1,158,561			-
Other assets	55			69,054	1,189			67,875
Total assets with related entities	**5,040,346**			**248,077**	**8,052,685**			**177,153**
Debts	**17,546,750**			26,758	7,627,571			50,408
Other financial assets								
Other liabilities								
Total liabilities towards related parties	**17,546,750**			**26,758**	**7,627,571**			**50,408**
Interest and similar income and expenses	12,860			589	45,384			1,111
Fees and commissions	- 14,544			27	- 12,300			30
Net gain or loss on financial transactions	47,903			-	38,334			-
Net income from other activities								
Total net banking income with related parties	**46,219**			**616**	**71,418**			**1,141**
Commitments given				6,580				
Commitments received	26,350							
Commitments in respect of forward financial instruments				150,458				272,952
Total commitments involving related parties	**26,350**			**157,038**	**0**			**272,952**

A list of fully consolidated subsidiaries is provided in note 18 "Scope of consolidation".

12.4 - Partnerships and associated companies

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	**12/31/22**	**12/31/21**
ACLEDA BANK PLC	168,254	145,709
BCEL Public	6,623	13,375
Banque Calédonienne d'Investissement	194,228	178,070
SBE (formerly SOGEFIP)	0	24,195
SOCREDO Banque Polynésienne	39,894	38,282
Other	0	0
Financial companies	**408,999**	**399,630**
Aurora	4,543	12,024
Non-financial companies	**4,543**	**12,024**
TOTAL EQUITY INTERESTS IN COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD	**413,542**	**411,654**

12.4.1.2 - Financial data for the main partnerships and associated companies

Summarized 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	**Caledonian Investment Bank (BCI)**	**ACLEDA BANK PLC**	**SOCREDO Banque Polynésienne**
DIVIDENDS RECEIVED	**2,981**	**6,251**	**233**
MAIN AGGREGATES	- 0	- 0	- 0
Total assets	**3,553,863**	**7,788,375**	**3,106,312**
Total debts	**3,164,629**	**6,547,953**	**2,770,684**
Income statement	**- 0**	**- 0**	**- 0**
NBI	106,189	450,796	83,549
Operating income	44,597	215,986	27,466
Income tax	-18,662	-42,365	-10,571
Net income	25,933	173,622	12,576
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	389,234	1,240,423	335,628
Percentage of ownership	49.90%	12.13%	15.00%
VALUE OF EQUITY INVESTMENTS	**194,228**	**150,428**	**50,344**
Goodwill	*0*	*17,826*	*0*
Other	*0*		*-10,450*
VALUE OF EQUITY INVESTMENTS	**194,228**	**168,254**	**39,894**

Summarized financial data for joint ventures and companies under significant influence that are not material as of 31 December 2022 are as follows:

31/12/2022

entreprises non significatives		
En milliers d'euros	**Coentreprises**	**Entreprises associées**
Valeur comptable des participations mises en équivalence	0	11 166
Montant global des quotes parts dans :		
résultat net (a) Dont activités abandonnées	0	-9 102
Gains et pertes comptabiliés directement en capitaux propres (b)	0	-11 908
Résultat global (a) + (b)	0	-21 010

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 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

12.4.1.3 - Nature and scope of major restrictions

Groupe BRED 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	**12/31/22**	**12/31/21**
ACLEDA BANK PLC	20,585	16,706
BCEL Public	825	730
Banque Calédonienne d'Investissement	12,785	11,025
SBE (formerly SOGEFIP)	0	470
SOCREDO Banque Polynésienne	1,845	1,532
Other	-2,446	0
Financial companies	**33,594**	**30,462**
Other	-7481	-3527
Non-financial companies	**-7481**	**-3527**
SHARE OF NET PROFIT OF COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD	**26,113**	**26,935**

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.

This concerns all structured entities in which Groupe BRED has an interest and acts in one or more of the following roles:

- Originator/structurer/arranger;
- Placement Agent;
- Manager;

- Or, any other role that has a preponderant impact on the structuring or management of the transaction (e.g.: granting of financing, guarantees or structuring derivatives, tax investor, significant 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 form of contractual or non-contractual relationship that exposes Groupe BRED to a risk of variation in the returns associated with 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 has dealings can be grouped into four families: entities set up in the context of asset management activities, securitization vehicles, entities set up in the context of structured financing and entities set up 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 uses structured entities is represented by collective management or fund management. More specifically, it includes collective investment schemes within the meaning of the French Monetary and Financial Code (other than securitization structures) as well as equivalent entities under foreign law. These are in particular entities such as UCITS, real estate funds and private equity funds.

Securitization

Securitization transactions are generally established in the form of structured entities in which assets or derivatives representing credit risks are isolated.

The purpose of these entities is to diversify the underlying credit risks and to 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 forms of securitization encountered and involving structured entities are as follows:

- Transactions in which the group (or a subsidiary) transfers on its own behalf to a dedicated vehicle, in cash or synthetic form, the credit risk relating to one of its asset portfolios;
- Securitization transactions conducted 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 organization. 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 associated with interests held in non-consolidated structured entities

The assets and liabilities recorded in the Group's various balance sheet accounts in respect of interests in nonconsolidated 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 recognized 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 2022

Excluding investments from insurance activities - in thousands of euros	Securitization	Asset management	Structured financing	Other activities
Financial assets at fair value through profit or loss	**0**	**475,606**	**2,996**	**0**
Trading derivatives	0	0	2,996	0
Trading financial instruments (excluding derivatives)	0	0	0	0
Financial assets at fair value through profit or loss – Non-basic	0	475,606	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**	**13,392**
Financial assets at amortized cost	**0**	**28,803**	**501,378**	**0**
Other assets	**0**	**0**	**0**	**0**
Total assets	**0**	**504,409**	**504,374**	**13,392**
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**	**5,750**	**198,706**	**0**
Guarantee commitments given	**0**	**0**	**236,572**	**0**
Guarantees received	**0**	**0**	**0**	**0**
Notional deNotional amount of derivativesrivatives	**0**	**0**	**0**	**0**
Maximum loss exposure	**0**	**510,159**	**939,652**	**13,392**

Investments by insurance activities - in thousands of euros	Securitization	Asset management	Other activities
Financial assets at fair value through profit or loss	**0**	**2,001,198**	**0**
Trading derivatives	0	0	0
Trading financial instruments (excluding derivatives)	0	2,001,198	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**	**2,001,198**	**0**
Financial liabilities at fair value through profit or loss	**0**	**0**	**0**
Liabilities relating to insurance activity contracts	**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**	**2,001,198**	**0**

in thousands of euros	Securitization	Asset management	Structured financing	Other activities
Size of structured entities	**0**	**145,080,359**	**989,608**	**1,069,466**

At 31 December 2021

Excluding investments from insurance activities in thousands of euros	Securitization	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 amortized 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 from insurance activities in thousands of euros	Securitization	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 insurance activity contracts	**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**

The size criterion selected varies as a function of the activity of the structured entities:

- Securitization, the total amount of liabilities issued by the entity;
- Asset management, the net assets of collective investment vehicles (other than securitization vehicles);
- Structured finance, the total amount of outstanding financing owed by the entities to all 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.

Groupe BRED is not a sponsor of 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 recorded for engagements performed by the statutory auditors belonging to the same network as the statutory auditors responsible for auditing BRED's financial statements for the years 2021 and 2022 are as follows

Amounts in thousands of euros	KPMG				PWC				TOTAL			
	Amount		%		Amount		%		Amount		%	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Mandates to certify financial statements (1)	**1,032**	**703**	**82.4%**	**67.4%**	**418**	**481**	**80.2%**	**83.8%**	**1,450**	**1,184**	**81.8%**	**73.2%**
- Issuer	*217*	*225*			*225*	*228*			**442**	**453**		
- Fully integrated subsidiaries	*815*	*478*			*193*	*253*			**1,008**	**731**		
Services other than certifying statements	**221**	**340**	**17.6%**	**32.6%**	**103**	**93**	**19.8%**	**16.2%**	**324**	**433**	**18.2%**	**26.8%**
- Issuer	*182*	*68*			*45*	*74*			**227**	**142**		
- Fully integrated subsidiaries	*39*	*272*			*58*	*19*			**97**	**291**		
TOTAL	**1,253**	**1,043**	**100%**	**100%**	**521**	**574**	**100%**	**100%**	**1,774**	**1,617**	**100%**	**100%**
Change (%)	***20.1%***				***-9.2%***				***9.7%***			

(1) Including the services of independent experts or members of the auditor's network, which the auditor uses in the context of the certification of the accounts.

The amounts relate to the services included in the income statement for the financial year, including in particular nonrecoverable 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 in 2022 for Groupe BRED.

NOTE 14 - DETAILS OF THE SCOPE OF CONSOLIDATION

14.1 - Securitization transactions

Accounting policies

Securitization 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.

Specific entities created in this context are consolidated when the Group controls them. Control is measured against the criteria of IFRS 10 and recalled in 3.2.1.

Securitization operations internal to Groupe BRED

in millions of euros	Nature of assets	Creation date	Expected maturity	Nominal amount at initial recognition	Balance at 31/12/2022
Elide 2014	Residential real estate loans	11/18/14	Oct-39	915	153
Elide 2017-1	Residential real estate loans	2/2/17	Dec-37	1,842	471
Elide 2017-2	Residential real estate loans	4/27/17	Oct-41	1051	348
Elide 2018	Residential real estate loans	5/29/18	Sep-46	1,390	663
Elide 2021	Residential real estate loans	3/25/21	Mar-49	2,920	2,307
ELIDE 2022	Residential real estate loans	11/24/22	Nov-50	2,500	2,471
Elide subtotal				**10,618**	6,413

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.

An analysis of the overall economics of these structures in the light of the criteria defined by IFRS 10 shows that the Group does not have control over the relevant activities (as management latitude is limited) and is not exposed to variable returns (as a robust risk monitoring system has been put in place) and therefore does not consolidate these structures.

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

Groupe BRED has not granted any financial support to consolidated structured entities.

14.4 - Scope of consolidation at 31 December 2022

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 of the entities in the scope of consolidation. The percentage of interest expresses the share of capital held by the Group, directly and indirectly, in the companies in the scope. 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 Bank – 159 Nongbone – Vientiane-LAO	E	70.00	70.00
BCI Mer Rouge – Mahamoud HAID Avenue, Marabou-Djibouti Plateau	E	51.00	51.00
BIC BRED – 18, quai de la Rapée – 75012 Paris	F	100.00	100.00
BIC BRED Switzerland – Boulevard du Théatre 8, 1204 Geneva - Switzerland	E	100.00	100.00
BRED Bank Fidji ltd – Tapoo city Building 5th Floor- Suva – Fiji Islands	E	90.00	90.00
Bred Bank Cambodia - 30 Norodom bld, SANGRAT PHSAR THMEY 3 KHAN DAUN PENH 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 Kumul Highway Port Vila – République du Vanuatu	E	85.00	85.00
EPBF – 181, Chaussée de la Hulpe – B1170 Brussels – Belgium	E	100.00	100.00
SBE - Village Building 1- 33 Place Ronde - 92800 Puteaux la Defense	F	90.00	50.00
Socama BRED – 18, quai de la Rapée – 75012 Paris	F	100.00	6.32
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 ASSET MANAGEMENT – 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
BRED IT – 44, Smooth Life Tower 20th and 21th Floor, North Sathorn Road, Silom Sub District, Bang Rak District, bangkok Metropolis	E	100.00	100.00
Cofeg – 18, quai de la Rapée – 75012 Paris	F	100.00	100.00
FCC Elide – 41, avenue de l'opéra – 75002 Paris	F	100.00	100.00
Vanuatu 1st Floor Kumul Highway – 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 – 33 place Ronde Imm village 1 Quartier Valmy CS 10242 92981 Paris la Defense Cedex	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 - Imm - village 1 Quartier Valmy - 33 Place Ronde CS 40245 92981 Paris la Defense Cedex	F	100.00	100.00
Non-financial companies - Insurance			
Prepar Iard – Imm village 1- Quartier Valmy 33 Place Ronde CS 20243, 92981 Paris la Defense Cedex	F	100.00	100.00
Prepar-Vie – Imm. Village 1 - Valmy 33 Place Ronde CS 90241, 92981 Paris la Defense Cedex	F	99.98	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
Socredo – 115 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 - Non-consolidated companies at 31 December 2022

The regulation of the French Accounting Standards Authority (Autorité des Normes Comptables) No. 2016-09 of December 2, 2016 requires companies that prepare their consolidated financial statements in accordance with international standards as adopted by the European Union to disclose additional information relating to companies not included in their scope of consolidation as well as to equity investments of a material nature.

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.

The non-consolidated companies consist of:

- 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	
Corporations	Location (1)	Portion of capital held	Reason for exclusion from consolidation (2)	Equity amount (3)	Income amount (3)
BPCE	France	5.0%	No control	17,647,302	313,857
BP Développement	France	2.2%	No control	125,633	110,451

(1) Country of location.
(2) Absence of control, joint control or significant influence (outside the scope: H.P.), post-employment benefit plan or long-term employee benefit plan excluded from the scope of IFRS 10 (Pers.), investment acquired with a view to a subsequent disposal in the near future classified as an asset held for sale (IFRS 5), etc.
(3) Amount of equity and income for the last known fiscal year at the closing date and according to the applicable accounting standards depending on the country of establishment.

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:

Corporations	Location (1)	Portion of capital held	Reason for exclusion from consolidation (2)
COFIBRED 8 SAS	FRANCE	100%	Non-significant entity
I2F New Caledonia NOUMEA	NEW CALEDONIA	34%	Non-significant entity
COFIBRED 6	SWISS	100%	Non-significant entity
BRD (Cambodia) Ltd	CAMBODIA	100%	Non-significant entity
BRD Laos	LAOS	100%	Non-significant entity
EURL LABOURDONNAIS	FRANCE	100%	Non-significant entity
Iliade I	BELGIUM	100%	Non-significant entity
Bay dvpt ltd	VANUATU	50%	Non-significant entity
ATLANTIQ	FRANCE	25%	Non-significant entity
Ingeparticipation 1	FRANCE	100%	Non-significant entity
Ingeparticipation 2	FRANCE	100%	Non-significant entity
Ingepar Immobilier	FRANCE	100%	Non-significant entity
SA BBML 1	FRANCE	100%	Non-significant entity
SA PRONY G3 2022	FRANCE	100%	Non-significant entity

(1) Country of location.
(2) Absence of control, joint control or significant influence (outside the scope: H.P.), non-materiality (N.S.), post-employment benefit plan or long-term employee benefit plan excluded from the scope of IFRS 10 (Pers.), investment acquired with a view to subsequent disposal in the short term classified as an asset held for sale (IFRS 5), etc.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

BRED BANQUE POPULAIRE

Auditors' report
on the consolidated financial statements

(Financial year ending 31 December 2022)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

KPMG S.A.
Head office
Eqho Tower
2, avenue Gambetta
CS 60055
92066 Paris La Défense Cedex

Auditors' report on the consolidated financial statements

(Fiscal year ending 31 December 2022)

At the general assembly
BRED BANQUE POPULAIRE
18, quai de la Rapée
75012 PARIS

Opinion

In compliance with the assignment entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of BRED BANQUE POPULAIRE for the year ended 31 December 2022.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations for the year ended December 31, 2007 and of the financial position and assets and liabilities of the Group as at that date, in accordance with International Financial Reporting Standards as adopted by the European Union.

The opinion expressed above is consistent with the contents of our report to the Audit Committee.

Basis of opinion

Audit framework

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

Our responsibilities under these standards are set out in the section "Statutory Auditors' Responsibilities in the Audit of the Consolidated Financial Statements" of this report.

Independence

We conducted our audit in accordance with the rules of independence set out in the French Commercial Code and in the Code of Ethics for Statutory Auditors for the period from 1st January 2022 to the date of issuance of our report, and in particular we did not provide any services prohibited by Article 5(1) of

Regulation (EU) No. 537/2014.

Justification of assessments - Key points of the audit

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgment, were the most important for the audit of the consolidated financial statements for the year, as well as the responses we have given to these risks.

These assessments were made in the context of our 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 individual components of the consolidated financial statements.

Impairment of loans and receivables (Level 1, 2 and 3)

Identified *risk*	*Our* response
The BRED BANQUE POPULAIRE group is exposed to credit risks. These risks, which result from the inability of its customers or counterparties to meet their financial commitments, relate in particular to its customer lending activities. In accordance with the "impairment" component of IFRS 9, the BRED BANQUE POPULAIRE group establishes impairments and provisions to cover expected (Levels 1 and 2) or actual (Level 3) risks of loss. The expected loss impairment rules require the establishment of a first impairment status representing an expected loss at one year from the origination of a new financial asset, and a second status representing an expected loss at maturity, in the event of a significant deterioration in credit risk. The determination of these expected credit losses requires the exercise of judgment in particular to determine: • criteria for significant deterioration of credit risk; • expected loss measures based on probabilities of default (PD) and losses given default (LGD); • how macro-economic projections are taken into account in both the degradation criteria and in the measurement of expected losses. These parameters are integrated into various models developed by Groupe BPCE for each type of loan portfolio in order to determine the amount of expected credit losses that your Bank recognizes in its consolidated financial statements. As specified in note 7.1.2 to the financial statements, a change in the quantitative criteria for moving to S2 and a change in the LGDs for the SME segment have been developed and will be implemented in the first half of 2022. These impairments for expected losses are supplemented, where necessary, by allocations on a sectoral basis in light of local specificities identified by the BRED BANQUE POPULAIRE group. Impairment losses are recognized on outstanding loans with a known counterparty risk (status 3), mainly on an individual basis. These impairments are assessed by your Bank's management on the basis of estimated recoverable future cash flows,	***Impairment of outstanding loans in Levels 1 and 2*** Our work mainly consisted of : - ensure the existence of an internal control system that allows the ratings of the various counterparties to be updated at an appropriate frequency; - a critical review of the work of the BPCE Group's consolidation auditors, who, in conjunction with their experts and specialists : • ensured the existence of a governance structure that reviews the adequacy of impairment models and the parameters used to calculate impairment at appropriate intervals, and analyzes changes in impairment with respect to IFRS 9 rules; • have assessed the appropriateness of the parameters used for the calculation of impairment, particularly with regard to the recalibration of the LGDs for the SME segment and the changes in the criteria for significant deterioration in credit risk, which will be implemented as of 30 June 2022; • performed counter-calculations on the main credit portfolios; • performed controls on the entire IT system implemented by Groupe BPCE, including a review of general IT controls, interfaces and automated controls for specific data processing related to IFRS 9 information; • carried out checks on the tool provided by Groupe BPCE in order to assess the impact in terms of expected credit losses of the application of sectoral downgrades. In addition, we ensured that the sectoral provisions recorded in the BRED BANQUE POPULAIRE group were properly documented and justified. In this respect, we (i) assessed the criteria used by the group to identify the sectors of activity considered to be more sensitive to the impact of the current economic environment, (ii) performed a critical review of the provisions thus estimated.

taking into account the guarantees available for each of the loans concerned.

We considered that the identification and assessment of credit risk was a key point in the audit, as the resulting provisions represent a significant estimate for the preparation of the financial statements, particularly in a context of persistent uncertainties marked by the conflict in Ukraine and the tensions over raw materials and energy, and the return of inflation and a rapid rise in interest rates, and call for management's judgment both in assigning outstanding loans to the various statuses and in determining the parameters and methods for calculating impairments for level 1 and 2 loans, and in assessing the level of individual provisions for status 3 loans.

The stock of impairments on outstanding loans and similar items amounts to €1,034.2 million, of which €84 million under level 1, €198.8 million under level 2 and €750.9 million under level 3.

The cost of risk for the year 2022 amounts to - €108.3 million, compared with - €124.1 million at 31 December 2021.

For more details on accounting principles and exposures, see notes 5.5.3 and 7 to the financial statements, which also mention the impact of the continuing uncertain economic environment on credit risk.

Impairment of outstanding loans in level 3

As part of our audit procedures, we have generally examined the control system relating to the identification of exposures classified as level 3, the monitoring of credit and counterparty risks, the assessment of non-recovery risks and the determination of related impairment and provisions on an individual basis.

Our work consisted in assessing the quality of the system for monitoring sensitive, doubtful and disputed counterparties; the credit review process; and the system for valuing guarantees. In addition, on the basis of a sample of files selected according to materiality and risk criteria, we performed contradictory analyses of the amounts of impairment.

We have also assessed the detailed disclosures in the notes to the financial statements required by IFRS 9 in respect of the "impairment" component as of 31 December 2022.

Valuation of BPCE S.A. central body shares

Identified *risk*	*Our* response
Groupe BPCE is a cooperative group whose cooperative shareholders own the two retail banking networks: the 14 Banques Populaires and the 15 Caisses d'Epargne. Each of the two networks has an equal stake in BPCE, the group's central body. The value of the central body's securities, classified as securities at fair value through non-recyclable OCI, has been determined by calculating a revalued net asset value which includes the revaluation of BPCE's main subsidiaries. Their valuation is based on discounted multi-year forecasts of expected dividend flows (DDM) determined from the business plans of the main 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 periodic valuation 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 the value of BPCE S.A. shares to be a key issue in the audit because: - the classification of this financial instrument in level 3 fair value; - the significance of this accounting estimate and of the judgments involved in calibrating the parameters in the consolidated financial statements of the BRED Banque Populaire Group. *The fair value of BPCE shares in the consolidated financial statements amounted to €809.2 million at 31 December 2022, as explained in note 10.*	The valuation work on BPCE securities is performed by the central body's valuation teams. As a result, the audit procedures necessary for the validation of 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 ensure the audit approach they have implemented and critically review these conclusions. As part of the work performed, the central body's auditors call on the expertise of the Valuation and Models teams of each firm. The work carried out consisted mainly of : • an understanding of the valuation methods according to the net asset value approach as presented opposite; • the comparison of the result of this approach with that of an analysis of stock market comparables on the basis of data concerning listed French banks. • an analysis of the relevance of the methodology used to value the main subsidiaries, • Obtaining and critically reviewing valuations, business plans and analyzing the discount, growth and return on equity rates used in relation to each entity's profile; • a counter-calculation of the valuations ; • a critical review of the parameters and assumptions used to determine the components of structural costs and central cash flow relating to the activities of the central body BPCE S.A., valued on the basis of forecast data; • 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 examined and critically reviewed during the previous financial year.

Valuation of other financial instruments

Identified risk and main judgments	*Our response*
Valuation of level 2 and 3 financial instruments under IFRS 13: Other securities or derivatives are financial assets or liabilities recognized in the balance sheet at their fair value. The counterpart of the revaluation of these financial instruments in the balance sheet at the closing date is recorded in the income statement or in shareholders' equity, depending on their accounting category. In addition, the BRED Banque Populaire group may enter into hedging transactions using various financial instruments. We considered that the valuation of derivative instruments, as well as the valuation of unlisted securities, constituted a key point of the audit given the importance of judgment in their valuation, which includes • the use of internal valuation models - developed by BRED Banque Populaire or the BPCE group • the determination of valuation parameters that are not necessarily observable on the market for forward financial instruments, or parameters such as discount rates or long-term growth rates for unlisted securities; • consideration of financial trajectories ; • the estimation of valuation adjustments to take account of counterparty, liquidity or business risks, for example; • the performance of hedging relationship effectiveness tests *The methods used to determine the fair value of financial instruments are described in note 10 to the financial statements, as well as in note 10.1, which presents 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 under IFRS 13:*** We assessed the processes and controls implemented by the Group to identify and value financial instruments, including the governance of the valuation models and the control of the results recorded on these transactions. In conjunction with our risk modeling and quantitative techniques specialists, we have: • performed independent valuations on a sample of derivative instruments and analyzed any discrepancies; • analyzed the internal processes for identifying and validating the main value adjustments applied to financial instruments and their changes over time. In particular, we examined the governance and methodologies used for market reserves and value adjustments, • analyzed the internal processes and procedures for documenting hedging relationships and performed independent tests on a selection of hedging relationships.

Specific checks

In accordance with professional standards applicable in France, we have also verified the information given in the Board of Directors' management report concerning the Group as required by law.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

We hereby certify that the consolidated statement of non-financial performance provided for in Article L.225-102-1 of the French Commercial Code is included in the Group's management report, it being specified that, in accordance with the provisions of Article L.823-10 of the said Code, the information contained in this statement has not been verified by us as to its fair presentation or consistency with the consolidated financial statements, and that it must be the subject of a report by an independent third-party organization

In application of the law, we would like to inform you that the information to be returned for activities related to nuclear energy and fossil gas (delegated regulation EU 2022/1214) has not been published by your institution in its extra-financial performance declaration.

Other verifications or information required by law and regulations

Appointment of auditors

We were appointed as statutory auditors of BRED BANQUE POPULAIRE by your general meeting of 21 May 1999 for the firm KPMG SA and of 23 May 1996 for the firm PwC.

At 31 December 2022, KPMG SA was in the 24th year of its uninterrupted engagement and PwC in the 27th year.

Responsibilities of management and those charged with governance in relation to the consolidated financial statements

It is the responsibility of management to prepare consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the European Union, and to implement such internal controls as it determines are necessary to ensure that the consolidated financial statements are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for making an assessment of the company's ability to continue as a going concern, for making the necessary disclosures in the financial statements as a going concern and for applying the going concern basis of accounting, unless the company is to be wound up or cease trading.

The Audit Committee is responsible for monitoring the financial reporting process and for monitoring the effectiveness of the internal control and risk management systems and, where appropriate, the internal audit, in relation to the procedures for the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the statutory auditors in relation to the audit of the consolidated financial

statements

Audit objective and approach

Our responsibility is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but does not guarantee that an audit performed in accordance with professional standards will result in the systematic detection of material misstatements. Misstatements may be due to fraud or error and are considered material when it is reasonable to expect that they could, individually or in the aggregate, influence the economic decisions that users of the financial statements make in reliance on them.

As specified in article L.823-10-1 of the French Commercial Code, our role in certifying the financial statements is not to guarantee the viability or quality of the management of your company.

In the context of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit.
In addition:

- it identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures to address those risks, and obtains audit evidence that it believes is sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, because fraud may involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control;

- The auditor obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;

- it assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as the related disclosures in the consolidated financial statements;

- it assesses the appropriateness of management's application of the going concern accounting policy and, based on the information obtained, whether there is any material uncertainty related to events or circumstances that may affect the company's ability to continue as a going concern. This assessment is based on information gathered up to the date of the report, bearing in mind that subsequent events or circumstances could call into question the company's ability to continue as a going concern. If the auditor concludes that there is a material uncertainty, he draws the attention of the readers of his report to the information provided in the consolidated financial statements concerning this uncertainty or, if this information is not provided or is not relevant, he issues a qualified opinion or a refusal to certify;

- evaluating the overall presentation of the consolidated financial statements and assessing whether the consolidated financial statements present fairly the underlying transactions and events;

- with respect to the financial information of the persons or entities included in the scope of consolidation, it gathers information that it considers sufficient and appropriate to express an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising and performing the audit of the consolidated financial statements and for expressing an opinion on those financial statements.

Report to the Audit Committee

We provide the Audit Committee with a report that includes the scope of our audit and the work program implemented, as well as the conclusions arising from our work. We also report to the Audit Committee on any material weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information.

The matters disclosed in the report to the Audit Committee include the risks of material misstatement that we considered to be of most significance for the audit of the consolidated financial statements for the year and which, accordingly, constitute the key points of the audit, which we are required to describe in this report.

We also provide the audit committee with the statement required by Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the Code of Ethics for Statutory Auditors. Where applicable, we discuss with the Audit Committee the risks to our independence and the safeguards applied.

Signed in Neuilly-sur-Seine and Paris La Défense, 24 April 2023

The auditors

PricewaterhouseCoopers Audit	KPMG S.A.
Emmanuel Benoist	Ulrich Sarfati

4
Annual individual financial statements

INCOME STATEMENT

In thousands of euros

	Notes	F22	F21
Interest and similar income	3.1	1,697,848	1,217,321
Interest and similar expense	3.1	-1,223,649	-573,241
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	50,470	42,412
Fee and commission income	3.4	572,600	510,259
Fee and commission expense	3.4	-140,230	-113,154
Gains or losses on trading securities	3.5	224,581	19,431
Gains or losses on available for sale securities and similar	3.6	-112,879	18,280
Other operating banking income	3.7	61,279	28,483
Other operating banking expense	3.7	-67,727	-48,674
NET BANKING INCOME		**1,062,294**	**1,101,117**
Operating expenses	3.8	-675,004	-626,869
Depreciation, amortization and impairment of non-current assets		-35,728	-32,878
GROSS OPERATING PROFIT		**351,562**	**441,371**
Cost of risk	3.9	-118,775	-108,504
OPERATING PROFIT		**232,787**	**332,866**
Gains or losses on non-current assets	3.10	-12,994	-16,260
PRE-TAX PROFIT ON ORDINARY ACTIVITIES		**219,792**	**316,607**
Non-recurring income	3.11	0	0
Corporate profit tax	3.12	-61,234	-92,703
Allocations to and reversals from the fund for general banking risks and regulated provision		0	0
NET INCOME		**158,559**	**223,904**

BALANCE SHEET AND OFF-BALANCE SHEET ITEMS

In thousands of euros

ASSETS	Notes	12/31/22	12/31/21
CASH AND BALANCES WITH CENTRAL BANKS		33,194,251	324,587
TREASURY BILLS AND SIMILAR SECURITIES	4.3	12,631,230	13,319,147
AMOUNTS DUE FROM CREDIT INSTITUTIONS	4.1	8,988,063	11,439,332
CUSTOMER TRANSACTIONS	4.2	31,191,009	28,351,728
BONDS AND OTHER FIXED-INCOME SECURITIES	4.3	10,372,803	8,697,365
SHARES AND OTHER VARIABLE YIELD SECURITIES	4.3	2,595,121	3,915,866
EQUITY INTERESTS AND OTHER LONG-TERM INVESTMENTS	4.4	1,149,645	1,067,407
INVESTMENTS IN AFFILIATES	4.4	1,088,885	1,082,545
FINANCE AND OPERATING LEASES	4.5	0	0
INTANGIBLE ASSETS	4.6	15,762	18,027
TANGIBLE ASSETS	4.6	201,954	211,999
OTHER ASSETS	4.8	2,422,014	2,864,590
ACCRUALS AND DEFERRED INCOME	4.9	2,877,652	1,583,623
TOTAL ASSETS		**106,728,389**	**72,876,216**

OFF-BALANCE SHEET	Notes	12/31/22	12/31/21
Commitments given			
FINANCING COMMITMENTS	5.1	5,441,816	5,064,015
GUARANTEE COMMITMENTS	5.1	3,105,125	2,576,952
COMMITMENTS IN RESPECT OF SECURITIES		3,574,958	3,006,209

In thousands of euros

LIABILITIES	Notes	12/31/22	12/31/21
AMOUNTS DUE FROM CENTRAL BANKS		**0**	0
AMOUNTS DUE TO CREDIT INSTITUTIONS	**4.1**	**33,976,426**	19,129,511
CUSTOMER TRANSACTIONS	**4.2**	**51,710,382**	36,705,532
DEBT SECURITIES	**4.7**	**10,197,766**	7,500,308
OTHER LIABILITIES	**4.8**	**1,825,612**	2,407,969
ACCRUALS AND DEFERRED INCOME	**4.9**	**4,240,621**	2,690,891
PROVISIONS	**4.10**	**291,005**	269,477
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**	**4,271,301**	3,957,252
Share capital		1,681,432	1,495,867
Share premium account		7,482	7,482
Reserves		2,310,559	2,112,514
Revaluation reserve		0	0
Regulated provisions and investment subsidies		3,269	3,269
Retained earnings		110,000	114,216
Net income for the year (+/-)		158,559	223,904
TOTAL LIABILITIES		**106,728,389**	**72,876,216**

OFF-BALANCE SHEET	Notes	12/31/22	12/31/21
Commitments received			
FINANCING COMMITMENTS	**5.1**	2,896,775	3,758,962
GUARANTEE COMMITMENTS	**5.1**	4,491,993	4,636,624
COMMITMENTS IN RESPECT OF SECURITIES		2,117,797	1,930,803

NOTE 1 - GENERAL BACKGROUND

1.1 - Significant events

Increase in the capital of BRED Banque Populaire

In August 2022, BRED Banque Populaire raised its share capital to €1,681,431,905.79 through both a cash capital increase and the capitalization of reserves.
Cash subscriptions amounted to €175,984,324.92. The capitalization of reserves amounted to €9,580,808.58.
The share capital is divided into one hundred and fifty-nine million six hundred and eighty thousand one hundred and forty-three (159,680,143) shares with a par value of ten euros and fifty-three cents (€10.53) each, fully paid up and all of the same class.

New securitization

BRED Banque Populaire carried out a securitization transaction in November 2022 for an amount of €2,500,026,552.10.

1.2 - Groupe BPCE and the guarantee mechanism

The BPCE Group[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 networks Banque Populaire and Caisses d'Epargne

Groupe BPCE is a cooperative group whose cooperative shareholders own the two retail banking networks: the 14 Banques Populaires and the 15 Caisses d'Epargne. Each of the two networks has an equal stake 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 Caisses d'Epargne network comprises the Caisses d'Epargne and the local savings companies (SLE).

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. At local level, the SLEs are cooperative entities whose variable capital is held by the cooperative shareholders. Their purpose is to promote the cooperative shareholders' interests, 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.

BPCE is responsible for representing its affiliates in dealings with the supervisory authorities, defining the range of products and services they offer, organizing depositor guarantees, approving key management appointments and oversees the smooth functioning of the Group's institutions.

[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 the BPCE institutional website.

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

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

- Retail Banking and Insurance, comprising the Banque Populaire network, the Caisse d'Épargne network, the Financial Solutions & Expertise division (including factoring, consumer credit, leasing, financial guarantees and the "Retail Securities" activity), the Payments and Insurance divisions and the Other Networks (mainly Banque Palatine);
- Global Financial Services, which includes Asset and Wealth Management (Natixis Investment Managers and Natixis Wealth Management) and Corporate Banking (Natixis Corporate & Investment Banking).

In respect of the Group’s financial functions, BPCE is responsible for centralizing surplus funds and carrying out all financial transactions that are useful for the group's development and refinancing, 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 necessary measures to ensure the solvency of the Group and of each of its networks and for organizing financial solidarity within the Group. This financial support is based on legislative provisions establishing a legal principle of shared support requiring the central institution to restore the liquidity or solvency of affiliates in difficulty and/or of all group affiliates. By virtue of the unlimited nature of the principle of financial support, BPCE is entitled at any time to ask any or all of the affiliates to participate in the financial efforts that would be necessary to restore the situation, and may if necessary mobilize all of the affiliates' liquid assets and equity in the event that one or more of them gets into difficulty.

Thus, in the event of difficulties, BPCE must do everything necessary to restore the financial situation and may, in particular, have unlimited recourse to the resources of any, several or all of the affiliates, or implement the appropriate mechanisms for internal shared support within the Group and by calling on the 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 manages the Banque Populaire network fund, the Caisse d'Epargne network fund and the Mutual Guarantee Fund.

The **Banque Populaire Network Fund** consists of a 450 million euro deposit made by the Banques Populaires 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 €157 million at 31 December 2022.

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

In the entities' individual financial statements, deposits made under the guarantee and shared support mechanism are recognized by the identification of an equivalent amount under a separate heading.

Mutual guarantee companies 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 authority to mobilize the resources of the various contributors without delay and in the agreed order, on the basis of prior authorizations 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 - GENERAL ACCOUNTING PRINCIPLES AND METHODS

2.1 - Valuation methods, presentation of individual financial statements and closing 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 individual annual financial statements for the year ended 31 December 2022 were approved by the Board of Directors on 16 February 2023. They will be submitted for approval to the General Meeting of Shareholders on 31 May 2023.

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

There were no changes in accounting methods affecting the financial statements for the year ended 31 December 2002.

The other texts adopted by the French Accounting Standards Authority (Autorité des normes comptables) and whose application is mandatory in 2022 do not have a material impact on the institution's individual financial statements.

The institution has not opted 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;
- And compliance with the general principles for the preparation and presentation of individual company financial statements.

All balance sheet items are presented net of depreciation, provisions and value adjustments, where applicable.

The specific accounting principles are presented in the various notes to which they relate.

2.4 - Main contributions to banking resolution schemes

The deposit and resolution guarantee fund methods were amended by a Decree of 27 October 2015.

For guarantee funds for the deposits, guarantees and securities mechanisms, the total amount of contributions paid amounted to €57.2 million. Cumulative non-reimbursable contributions in the event of voluntary licence withdrawal amounted to €13.1 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 44.1 million euros.

The resolution fund was established in 2015 pursuant to the *Bank Recovery and Resolution* Directive (*BRRD*) 2014/59/EU, which establishes a framework for the recovery and resolution of credit institutions and investment firms, and European Regulation 806/2014 (MRU 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 2022. The amount of contributions represents for the financial year €38 million, including €32.3 million covered and 5.7 million euros in 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 €26.7 million at 31 December 2022.

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 recognized 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 reported 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 recognized 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.

	2022 financial year			2021 financial year		
In thousands of euros	Income	Expenses	Net	Income	Expenses	Net
Interbank transactions *	201,069	-233,418	**-32,349**	193,135	-90,308	102,827
Customer transactions	524,584	-247,368	**277,216**	449,265	-75,877	373,388
Bonds and other fixed income	963,229	-742,863	**220,366**	572,099	-407,056	165,043
Subordinated debt	8,966	0	**8,966**	2,822	0	2,822
Other						
Total	**1,697,848**	**-1,223,649**	**474,199**	1,217,321	-573,241	644,080

* €52.9 million in income in respect of 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 €1.3 million for financial year 2022, compared with an allocation of €2.247 million for the 2021 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 recognized as soon as their payment has been decided by the competent body.

In thousands of euros	2022	2021
Shares and other variable-income securities	7,807	6,280
Equity interests and other long-term investments		
Investments in affiliates	42,663	36,132
TOTAL	**50,470**	**42,412**

3.4 - Fees and commissions

Accounting policies

Commissions that are similar in nature to interest are recorded under interest and similar income and expenses (note 3.1).

Other fees and commissions are recorded according to the nature of the service rendered:

- Fees and commissions remunerating a one-offservice: recorded as soon as the service has been rendered;
- Fees and commissions remunerating a continuous or discontinuous service with several successive stages: recorded as and when the service is rendered.

	2022 financial year			2021 financial year		
In thousands of euros	Income	Expenses	Net	Income	Expenses	Net
Cash and interbank transactions	8,597	-315	**8,282**	8,479	-359	8,120
Customer transactions	161,459	0	**161,459**	148,054	0	148,054
Securities transactions	12,759	0	**12,759**	13,771	0	13,771
Payment services	232,258	-116,549	**115,709**	200,316	-92,855	107,461
Gains on currency transactions	994	-70	**924**	786	-118	668
Off-balance sheet commitments	46,457	-8,436	**38,021**	37,680	-6,377	31,303
Financial services	101,987	-14,860	**87,127**	95,085	-13,445	81,640
Advisory services						
Other	8,089	0	**8,089**	6,088	0	6,088
Total	**572,600**	**-140,230**	**432,370**	510,259	-113,154	397,105

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;
- Realized 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	**2022 financial year**	2021 financial year
Trading securities	**-264,055**	908,760
Gains on currency transactions	**154,509**	69,582
Forward financial instruments	**334,127**	-958,911
Total	**224,581**	19,431

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.

In thousands of euros	2022 financial year Available for sale securities	2022 financial year Portfolio securities	2022 financial year Total	2021 financial year Available for sale securities	2021 financial year Portfolio securities	2021 financial year Total
Impairment	-158,756		-158,756	-2,982		-2,982
Provisions made	*-167,225*		*-167,225*	*-12,386*		*-12,386*
Provisions written back	*8,469*		*8,469*	*9,405*		*9,405*
Gains on disposal	45,877		45,877	21,262		21,262
Other items						
Total	**-112,879**		**-112,879**	**18,280**		**18,280**

3.7 - Other banking operating income and expenses

Accounting policies

Other income and expenses from banking operations include the share of transactions carried out jointly, re-invoicing of banking income and expenses, income and expenses from real estate operations and 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 revenues and expenses include in particular:

- 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 and amortization of the assets concerned.

In thousands of euros	2022 financial year Income	2022 financial year Expenses	2022 financial year Total	2021 financial year Income	2021 financial year Expenses	2021 financial year Total
Share of joint operations	10,156	0	10,156	9,746	0	9,746
Rebilling of banking income and expense	1,296	-18,164	-16,868	1,174	-18,136	-16,962
Property business						
IT services						
Other activities	41,419	-39,643	1,776	9,187	-8,523	664
Other related income and expenses	8,408	-9,920	-1,512	8,376	-22,015	-13,639
Total	**61,279**	**-67,727**	**-6,448**	28,483	-48,674	-20,191

(1) As a reminder, in 2021, income of €4.9 million was recognized under "Other banking income" in respect of the EIC fine following the favorable decision of the Court of Appeals. In view of the uncertainty and history of the case (see Legal Risks in the Risk Management section), a provision for an equivalent amount was recorded under "Other banking operating expenses".

Rebilling of banking income and expense:
From 2021 onwards, rebilling of "central institution" activities (listed in the French Monetary and Financial Code) will be presented under NBI and the rebilling of group assignments will continue to be presented under management fees. The amount of NBI contributions amounted to €18.1 million in 2022 and the amount of contributions to operating expenses amounted to €29 million in 2022 versus €25.7 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	2022 financial year	2021 financial year
Personnel costs		
Wages and salaries	-220,485	-207,144
Pension costs and similar (1)	-49,523	-48,283
Other social security charges	-68,087	-65,543
Employee incentive scheme(s)	-20,258	-19,204
Employee profit-sharing scheme(s)	-51,513	-45,048
Payroll taxes and charges	-27,247	-29,710
Total personnel costs	**-437,113**	**-414,932**
Other operating expenses		
Taxes and duties	-18,416	-19,842
Other general operating expenses	-219,474	-192,095
Total other operating expenses	**-237,891**	**-211,937**
Total	**-675,004**	**-626,869**

Below is the average active workforce during the period, broken down by occupational category: 2,115 managers and 1,478 non-managers, for a total of 3,594 employees.

Since 2020, the rebilling of "central institution" activities (listed in the Monetary and Financial Code) paid to BPCE is presented under NBI and the rebilling of Group assignments paid by BPCE is presented under management fees.

The CICE tax credit (Crédit d'Impôt pour la Compétitivité et l'Emploi) is deducted from payroll costs. It amounts to 0.065 million euros in 2022.

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 recognized 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.

In thousands of euros	2022 financial year					2021 financial year				
	Provisions made	Provisions reversed	Losses not covered by provisions	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	-147,485	73,653	-3,421	888	**-76,365**	-120,131	43,246	-2,988	1,281	**-78,592**
Securities portfolio and other recei	-13	3,865	0	0	**3,852**	-121	-1,404	0	0	**-1,525**
Provisions										
Off-balance sheet commitments	-5,146	13,010			**7,864**	-6,034	1,514			**-4,520**
Provisions for customer risks	-67,105	13,441			**-53,664**	-37,003	13,193			**-23,810**
Other	-462	0			**-462**	-57	0			**-57**
Total	**-220,211**	**103,969**	**-3,421**	**888**	**-118,775**	**-163,346**	**56,549**	**-2,988**	**1,281**	**-108,504**

	2022	2021
of which:		
- reversals of obsolete impairment charges	103,969	56,549
- reversals of utilised impairment charges Provisions rev	32,720	33,303
Provisions reversed	136,689	89,852
-losses covered by provisions	-32,720	-33,303
Provisions reversed net	**103,969**	**56,549**

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-tomaturity securities, arising from the difference between reversals of provisions and disposal gains and allocations to provisions and disposal losses.

In thousands of euros	2022 financial year				2021 financial year			
	Equity interests and other longterm investments	Held to maturity securities	Tangible and intangible assets	Total	Equity interests and other longterm investments	Held to maturity securities	Tangible and intangible assets	Total
Impairment	**-8,911**	**0**		**-8,911**	0	0		0
Provisions made	-8,919	0		-8,919	0	0		0
Provisions written back	9	0		9	0	0		0
Gains on disposal	**-4,924**	0	**840**	**-4,084**	0	0	-12,972	-12,972
Total	**-13,834**	**0**	**840**	**-12,994**	**0**	**0**	**-12,972**	**-12,972**

In 2022: As part of a tax exemption operation, Bred provided for the securities of the companies Jaspe 5 and Pakousi for €8.919 million which will be liquidated in 2023 (end of tax exemption). The liquidation of the companies Alcyone 2014 and Lagon Location generated a capital loss of €11.895 million out of the €4.924 million result of the disposal realized in total. This capital loss was offset by a reversal of a provision for income tax.

BRED sold 50% of its stake in BP Développement, which generated a capital gain of €6.972 million out of the total €4.924 million gain on disposal.

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 were recorded in 2022.

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 recognized in the absence of mutual tax consolidation.

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 2022 financial year

BRED Banque Populaire is a member of the BPCE tax group.

The corporate income tax paid to the head of the group, broken down between current income and extraordinary income, was as follows:

In thousands of euros

Tax bases at the following rates	25.00%	19.00%	15.00%	Total
Tax on current income	276,820	0	0	
Tax on non-recurring income				
	276,820	0	0	
Tax losses brought forward				
Taxable bases	276,820	0	0	
Corresponding tax	69,205	0	0	69,205
Additional contribution assessed at 3.3%				2,259
Deductions in respect of tax credits				-20,794
Tax recognised				**50,670**
Overseas territories tax				282
Corporate tax provisions for subsidiaries integrated under BRED Group				-5,981
Foreign tax credits				20,076
Provisions for tax and other				-3,813
TOTAL				**61,234**

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 GBRF amounted to €88 million at 31 December 2022.

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 recognized 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 recognized, 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 deemed to exist when it is probable that the institution will not receive all or part of the amounts due under the commitments entered into 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 those for which the prospects of recovery are seriously impaired and for which it is expected that the loan will eventually be written off. 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. The classification of a doubtful loan as impaired does not result in the classification of other doubtful loans and commitments relating to the counterparty concerned in the latter category by "contagion".

For non-performing loans, interest accrued and/or due but not received is recognized in income from banking operations and impaired accordingly. For irrecoverable loans and receivables, accrued interest due but not received is no longer recognized.

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 recognized 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 losses for probable losses cover all forecast losses, calculated as the difference between outstanding capital and forecast cash flows discounted at the effective interest rate. Forecasted cash flows are determined by category of receivable 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 impaired but show a significant increase in credit risk since their initial recognition, it is measured on the basis of expected credit losses over their residual life. This credit risk is recognized as a provision in liabilities. Since 1 January 2018, the valuation methods for these non-impaired outstandings are thus aligned with those of IFRS 9 Status 2 (S2) adopted 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	12/31/22	12/31/21
Receivable on demand	**1,118,219**	3,576,543
Current accounts	*786,525*	*3,576,543*
Overnight loans and advances	*331,694*	*0*
Securities received under repurchase agreements	*0*	*0*
Non-allocated items	**256**	571
Receivable at term	**7,832,978**	7,849,200
Term loans and advances	*6,562,648*	*6,073,811*
Subordinated loans and participating loans	*0*	*0*
Securities purchased under term repurchase agreements	*1,270,330*	*1,775,389*
Accrued interest	**36,610**	13,018
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	**8,988,063**	**11,439,332**

Receivables on transactions with the network amounted to €490.4 million in demand loans and advances and €4,351.9 million in term loans and advances.

The centralisation of "Livret A" passbook and LDD deposits at the Caisse des Dépôts et Consignations amounted to €1,641.53 million as of 31 December 2022 compared to €1,465.15 million at 31 December 2021, 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 2022.

In thousands of euros

LIABILITIES	12/31/22	12/31/21
Payable on demand	**11,403,008**	1,058,404
Credit balances on ordinary accounts	*935,950*	*889,620*
Overnight loans and advances	*10,467,058*	*168,784*
Securities sold under overnight repurchase	*0*	*0*
agreements	**10,376**	14,017
Other amounts due	**22,538,709**	18,093,724
Term deposits and loans	*19,062,026*	*17,129,293*
Securities sold under term repurchase agreements	*3,476,682*	*964,430*
Accrued interest	**24,333**	-36,634
TOTAL	**33,976,426**	**19,129,511**

Liabilities arising from transactions with the network amounted to €10,008.3 million in demand loans and advances and €7,192.7 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 or at acquisition cost in the case of repurchased loans, plus accrued interest not yet due and net of any provisions made for credit risk. Commissions and marginal transaction costs spread over time are included in the loan.

Guarantees received are recorded in the accounts as off-balance sheet items. They are subject to periodic revaluation. The total carrying amount of all guarantees taken on the same 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 scheme was extended until 30 June 2022 by Finance Act No. 2021-1900 of 30 December 2021. 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 recognized 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.

As of 6 April 2022, the PGE Resilience is a PGE supplement for companies impacted by the consequences of the conflict in Ukraine. The authorized ceiling is 15% of the average turnover (CA) of the last three accounting years. Apart from the amount, which is subject to the new ceiling of 15% of turnover, this additional PGE Resilience takes the same form as the PGEs introduced at the beginning of the health crisis: same maximum duration (up to six years), same minimum repayment period (12 months), same guaranteed share and guarantee premium. This PGE Resilience is fully cumulative with any PGE(s) obtained or to be obtained initially until 30 June 2022. This scheme has been extended until 31 December 2023 under the amended finance law for 2023.

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.

At the time of restructuring, the loan is discounted by an amount equal to the difference between the discounted value of the initially expected contractual cash flows and the discounted value of the expected future capital and interest flows resulting from the restructuring. The discount rate used is the original effective interest rate for fixed-rate loans or the last effective rate before the restructuring date for variable-rate loans. The effective rate corresponds to the contractual rate. This discount is recorded in the income statement as a cost of risk and in the balance sheet as a deduction from the corresponding amount outstanding. 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 performing in case of 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 non-performing loan as irrecoverable does not result in the classification of other non-performing loans and commitments relating to the counterparty concerned in the latter category by "contagion".

For non-performing loans, interest accrued and/or due but not received is recognized in income from banking operations and impaired accordingly. For irrecoverable loans and receivables, accrued interest due but not received is not recognized.

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 recognized 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 recognized under liabilities in the form of a provision. Since 1st January 2018, the valuation methods for these nondoubtful outstandings have been aligned with those of IFRS 9 of Stage 2 (S2) used for the consolidated financial statements.

Expected credit losses are defined as an estimate of credit losses (i.e. the present value of cash shortfalls) weighted by the probability of occurrence of such losses over the expected term of the financial instruments. They are calculated individually for each exposure.

In practice, for loans classified as Stage 2, expected credit losses are calculated as the product of several parameters:

- Expected flows over the life of the financial instrument, discounted to the valuation date - these flows being determined on the basis of the characteristics of the contract, its effective interest rate and, in the case of mortgages, the expected level of prepayment on the contract;
- Loss given default rate;
- Probability of default until contract maturity.

Bad debts are recorded as losses and the corresponding write-downs are reversed.

The parameters used to measure expected credit losses are adjusted to economic conditions by defining three economic scenarios over a three-year horizon:

- The central scenario has been updated based on the scenarios determined by the Group's economists in October 2022 and validated by the General Management Committee;
- A pessimistic scenario, corresponding to a more degraded realization of the macroeconomic variables defined in the central scenario;
- An optimistic scenario, corresponding to a more favorable realization of the macroeconomic variables defined in the central scenario.

The definition and review of these scenarios follows the same organization and governance as that defined for the budget process, with a quarterly review based on proposals from economic research and validation by the Executive Committee. The probability of occurrence of the scenarios is reviewed quarterly by the Group's *Watchlist* and Provisions Committee. The parameters thus defined are used to assess the expected credit losses of all exposures, whether they belong to a scope approved under the internal method or treated as standard for the calculation of risk-weighted assets.

In thousands of euros

ASSETS	**12/31/22**	12/31/21
Overdrawn current accounts	**1,603,267**	1,298,302
Commercial receivables	**172,593**	179,709
Other loans to customers	**28,467,315**	26,108,194
Repurchase agreements	*658*	*147*
Cash facilities and consumer credit	*8,703,750*	*7,593,688*
Equipment loans	*8,742,239*	*7,368,368*
Home loans	*8,074,946*	*7,751,950*
Other facilities to customers	*150,641*	*99,152*
Securities purchased under repurchase agreements	*2,794,333*	*3,294,092*
Subordinated loans	*748*	*798*
Other		
Accrued interest	**249,845**	209,668
Non-performing loans and receivables	**1,199,974**	1,023,054
Impairment of receivables due from customers	**-501,984**	-467,199
Total	**31,191,009**	**28,351,728**

Amounts due from customers eligible for Central Bank refinancing or the European System of Central Bank: €6,076.71 million.

Government-backed loans (PGE) amounted to €1,541 million at 31 December 2022 versus €1,864 million at 31 December 2021.

Amounts owed to customers

In thousands of euros

LIABILITIES	**12/31/22**	12/31/21
Regulated savings accounts	**7,586,162**	7,194,623
A booklet	*1,716,700*	*1,517,784*
PEL / CEL	*1,867,071*	*1,909,108*
Other regulated savings accounts	*4,002,391*	*3,767,731*
Receivable against the savings fund	**-1,641,528**	-1,465,149
Other customer accounts and loans[1)]	**45,611,804**	30,839,204
Guarantee deposits	**62,847**	74,287
Other amounts due	**64,154**	53,398
Accrued interest	**26,944**	9,170
Total	**51,710,382**	**36,705,532**

(1) Detailed customer accounts and loans

In thousands of euros	12/31/22 Demand	12/31/22 Term	12/31/22 Total	12/31/21 Demand	12/31/21 Term	12/31/21 Total
Credit balances on ordinary accounts	26,576,788	0	**26,576,788**	20,912,190	0	**20,912,190**
Loans to financial customers	7,168,638	4,183,717	**11,352,355**	3,897,014	1,852,116	**5,749,130**
Securities sold under repurchase agreements	0	1,074,558	**1,074,558**	0	421,560	**421,560**
Other accounts and loans	0	6,608,103	**6,608,103**	0	3,756,324	**3,756,324**
Total	**33,745,426**	**11,866,378**	**45,611,804**	**24,809,204**	**6,030,000**	**30,839,204**

4.2.2 - Analysis of outstanding loans by economic agent

In thousands of euros	Performing loans and receivables	Non-performing loans and receivables		*o/w irrecoverable nonperforming loans*	
		Gross	Individual impairment	*gross*	*Individual impairment*
Non-financial companies	17,271,330	754,789	-324,674	361,813	-239,516
Self-employed professionals	1,125,479	91,718	-28,094	*31,580*	*-20,700*
Retail	8,719,098	344,344	-145,655	*166,686*	*-124,614*
Private sector administrations	248,757	9,011	-3,561	*1,997*	*-1,718*
Social security and public administrations	92,529	113	0	*0*	*0*
Other	240,744	0	0	0	0
Total at 31 December 2022	**27,697,938**	**1,199,974**	**-501,984**	**562,076**	**-386,548**
Total at 31 December 2021	**24,500,983**	**1,023,054**	**-467,199**	***503,237***	***-376,357***

4.3 - Government securities, bonds, shares, 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 recognized 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 recognized 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 recorded at cost, excluding fees, including accrued interest where appropriate. 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 the end of the year, they are valued at the most recent market price: the total balance of differences resulting from 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, the market values correspond to the net asset values available in the market context prevailing on the closing date.

Except in exceptional market situations requiring a change in strategy or in the event of the disappearance of an active market for fixed-income securities, securities classified as held for trading may not be transferred to another accounting category and continue to be presented and valued according to the rules for trading securities until they are derecognized by sale, full redemption or write-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 recognized at cost on their acquisition date, less transaction costs.

Where applicable, for fixed-income securities, accrued interest is recognized 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.

Unrealized 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. Unrealized capital gains are not recognized.

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 recorded at acquisition cost, excluding transaction costs. When they come from the investment portfolio, they are recorded at their acquisition price and any impairment charges previously recorded 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.

They may be subject to impairment if there is a strong probability that the institution will not hold the securities to maturity due to changed circumstances, or if there is a risk of default by the issuer of the securities. Unrealized gains are not recognized.

Held-to-maturity securities may not, with certain exceptions, be sold or transferred to another class 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 nevertheless be sold when the market on which they are traded becomes active again.

Portfolio securities

Portfolio activity consists of investing with the objective of obtaining a capital gain in the medium term, without the intention of investing on a long-term basis in the development of the business of the issuing company, nor of participating actively in its operational management. In principle, only variable-income securities may be involved. 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 recognized at cost on their acquisition date, less transaction costs.

At the end of the financial year, they are recorded in the balance sheet at the lower of their historical cost or their value in use. Unrealized losses are subject to mandatory impairment. Unrealized gains are not recognized.

Securities recorded under portfolio securities may not be transferred to any other accounting category

Other long-term investments are recorded at cost, excluding transaction costs.

They are recorded in the balance sheet at the lower of their historical cost or their value in use. The latter, for both listed and unlisted securities, corresponds to the amount the company would be willing to pay to obtain these securities if it had to acquire them in view of its holding objective. An impairment charge is compulsorily recognized for any unrealized capital losses. Unrealized gains are not recognized.

Securities classified as other long-term investments may not be transferred to any other accounting category

	12/31/22					12/31/2021				
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	**1,225,521**	**11,405,709**	**0**		**12,631,230**	**2,958,747**	**10,360,400**	**0**		**13,319,147**
Gross amount	1,225,237	11,503,558	0		**12,728,795**	2,958,406	10,349,643	0		**13,308,049**
Accrued interest	284	13,961	0		**14,245**	341	11,086	0		**11,427**
Impairment	0	(111,810)			**(111,810)**	0	(329)			**(329)**
Bonds and other fixed-income securities	**1,446,508**	**8,926,295**	**0**		**10,372,803**	**1,798,141**	**6,899,224**	**0**		**8,697,365**
Gross amount	1,446,508	8,980,078	0		**10,426,586**	1,798,141	6,897,695	0		**8,695,836**
Accrued interest		27,829	0		**27,829**		12,219	0		**12,219**
Impairment		(81,612)	0		**(81,612)**		(10,690)	0		**(10,690)**
Shares and other variable-income securities	**2,170,832**	**424,289**		**0**	**2,595,121**	**3,522,316**	**393,550**		**0**	**3,915,866**
Gross amount	2,170,832	466,638		0	**2,637,470**	3,522,316	428,485		0	**3,950,801**
Accrued interest					**0**					**0**
Impairment		(42,349)		0	**(42,349)**		(34,935)		0	**(34,935)**
Total	**4,842,861**	**20,756,293**	**0**	**0**	**25,599,154**	**8,279,203**	**17,653,174**	**0**	**0**	**25,932,377**

For treasury bills and similar securities, the amount of receivables representing loaned securities was €6,507.98 million at 31 December 2022.

There were no securities classified as investments as of 31 December 2022.

Unrealized gains and losses on all available-for-sale securities amounted to €184.71 and €795.31 million, respectively.

Treasury bills, bonds, and other fixed-income securities (in net value)

	12/31/22				12/31/2021			
In thousands of euros	Trading	Available for sale securities	Investment	Total	Trading	Available for sale securities	Investment	Total
Listed securities	818,122	5,649,508	0	**6,467,630**	2,302,588	5,696,084	0	**7,998,672**
Unlisted securities	923,821	7,666,449	0	**8,590,270**	1,164,678	5,264,942	0	**6,429,620**
Securities loaned	930,274	6,965,929	0	**7,896,203**	1,289,281	6,272,097	0	**7,561,378**
Non-performing loans and receivables	0	22,561	0	**22,561**	0	4,433	0	**4,433**
Accrued interest	0	27,369	0	**27,369**	341	22,068	0	**22,409**
Total	**2,672,217**	**20,331,816**	**0**	**23,004,033**	**4,756,888**	**17,259,624**	**0**	**22,016,512**
O/w subordinated notes	*6,237*	*37*	*0*	***6,274***	*1,792*	*37*	*0*	***1,829***

For this category of investment securities, an impairment loss is recognized on securities with a loss in value. Unrealized losses amounted to €752.96 million at 31 December 2022, versus €23.38 million at 31 December 2021.

Unrealized capital gains on this category of investment securities amounted to €2.43 million at 31 December 2022, versus €219.91 million at 31 December 2021.

There were no longer any held-to-maturity securities at 31 December 2022 nor at 31 December 2021.

Bonds and other fixed-income securities issued by public bodies amounted to €242.95 million at 31 December 2022, versus €399.96 million at 31 December 2021.

Shares and other variable-income securities (in net value)

	12/31/22				12/31/2021			
In thousands of euros	Trading	Available for sale securities	Portfolio securities	**Total**	Transaction	Placement	Portfolio securities	**Total**
Listed securities	2,164,522	103,588		**2,268,110**	3,499,874	95,747		**3,595,621**
Unlisted securities	6,311	320,700		**327,011**	22,442	297,803		**320,245**
Accrued interest				**0**				**0**
Total	**2,170,833**	**424,288**	**0**	**2,595,121**	**3,522,316**	**393,550**	**0**	**3,915,866**

Equities and other variable-income securities included €424.28 million of mutual funds as of 31 December 2022, compared with €393.55 million of mutual funds at 31 December 2021.

On this category of investment securities, the securities subject to a capital loss are impaired. Unrealized capital losses amounted to €42.35 million at 31 December 2022, versus €34.93 million at 31 December 2021.

In this category of available-for-sale securities, unrealized capital gains amounted to €182.28 million at 31 December 2022, versus €151.93 million at 31 December 2021.

4.3.2 - Changes in held to maturity securities

In thousands of euros	12/31/21	Purchases	Disposals	Repayments	Conversion	Discounts/ Premium	Other changes	12/31/22
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 - Reclassification of assets

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 situations requiring 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 situations requiring a change of strategy;

- When the fixed-income securities can no longer be traded on an active market.

It should be noted that the Conseil national de la comptabilité, in its March 23, 2009 press release, states that "the possibilities of transfer between portfolios, in particular from the available-for-sale portfolio to the heldto-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.

Therefore, 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 made any asset reclassification in accordance with the provisions of the above-mentioned regulation relating to transfers of securities out of the "Trading securities" and "Available-for-sale securities" categories.

4.4 -Equity interests, investments in affiliates and other long-term investmentsAccounting 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 acquisition cost, including costs, if material.

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. Unrealized losses, calculated for each line of securities, are written down without offsetting the unrealized gains. Unrealized gains are not recognized.

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	12/31/21	Change	12/31/22
Gross amount	**2,150,071**	**97,489**	**2,247,559**
Equity interests and other long-term investments	*1,067,525*	*91,149*	*1,158,674*
Investments in affiliates	*1,082,545*	*6,340*	*1,088,885*
Impairment	**-118**	**-8,911**	**-9,029**
Equity interests and other long-term investments	*-118*	*-8,911*	*-9,029*
Investments in affiliates	*0*		*0*
Net long-term investments	**2,149,952**	**88,578**	**2,238,530**

The shares in non-trading property companies included in long-term investments were not material at 31 December 2022, as they were at 31 December 2021.

Other long-term securities include in particular the deposit guarantee fund association certificates (€4.5 million) and the deposit guarantee fund associate certificates (€22.8 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 the specific situation of BRED Banque Populaire, the fact that these holdings belong to the BPCE Group and are part of 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 parameters based on a long-term vision of ownership and belonging to the group and not on valuation parameters at their limits.

BPCE's net asset value includes the intangible assets held by BPCE and the central institution's structural costs.

At 31 December 2022, the net book value of BPCE shares amounted to €853.2 million.

4.4.2 - Subsidiaries and affiliates

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	Beforetax 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 (more than 50%)										
Cofibred	656,015	1,285,443	100.00	985,540	985,540			43,592	26,539	
Bred Bank Cambodia	103,073	89,194	100.00	103,069	103,069			14,979	833	
Equity interests held by BRED (less than 50%)										
BPCE	180,478	17,647,302	4.95	853,213	853,213			1,380,914	313,857	38,974
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)				5,668	200					0
Foreign subsidiaries (all)										
Association certificates				4,473	4,473					
Equity interests in French companies				20,367	16,805					3,611
Equity interests in Foreign companies				548	548					62
o/w equity interests in listed companies				443	443					0

4.4.3 - Companies regarding which the establishment is fully liable

Name	Headquarters	Legal form
BPCE ACHATS	12/20 rue Fernand Braudel 75013 Paris	EIG
PAKOUSI	88 avenue de France 75013 Paris	CDS
DIDEROT FINANCING 25	88 avenue de France 75013 Paris	CDS
JASPER 5	18 quai de la Rapée 75012 Paris	CDS

4.4.4 - Transactions with related companies

In thousands of euros	Credit institutions	Other undertakings	12/31/22	12/31/21
Receivables	**3,975,537**	**9,249,107**	**13,224,644**	10,387,302
o/w subordinated	-	-	-	-
Debts	**1,212,781**	**490,413**	**1,703,194**	1,429,116
o/w subordinated	-	-	-	-
Commitments given	**97,338**	**115**	**97,453**	95,144
Financing commitments	20,000	-	20,000	*40,000*
Guarantee commitments	77,338	115	77,453	*55,144*
Other commitments given				

4.5 - Finance and operating leases

Not applicable.

4.6 - Intangible and tangible assets

The rules for accounting for fixed assets are defined by Regulation No. 2014-03 of the French Accounting Standards Authority (ANC).

4.6.1 - Intangible assets

Accounting policies

An intangible asset is a non-monetary asset without physical substance. Intangible assets are recorded at their acquisition cost, which includes the purchase price and related costs. They are amortized over their estimated useful life.

Software acquired is amortized over a maximum period of five years. The additional depreciation allowance available for software, in accordance with tax regulations, is recorded as special depreciation.

Goodwill is not amortized but is subject to impairment, where appropriate.

Leasehold rights are amortized on a straight-line basis over the residual term of the lease and are subject to impairment, if necessary, in relation to market value.

In thousands of euros	12/31/21	Increase	Decrease	Other movements	12/31/22
Gross amounts	**94,493**	**10,071**	**-2,508**	**0**	**102,057**
Lease rights and business assets	32,751	681	-120	0	33,312
Software	60,201	6,736	-847	0	66,090
Other	1,541	2,655	-1,541	0	2,655
Depreciation and impairment	**-76,466**	**-10,770**	**941**	**0**	**-86,295**
Lease rights and business assets	-31,971	-227	120	0	-32,078
Software	-44,495	-10,542	821	0	-54,216
Other		0	0	0	
Net carrying amount	**18,027**	**-698**	**-1,567**	**0**	**15,762**

4.6.2 - Tangible assets

Accounting policies

An item of property, plant and equipment is a tangible asset held for use in the production or supply of goods or services, for rental to others, or for internal management purposes, and which the entity expects to continue using after the end of the reporting period.

As buildings are assets made up of several components with different uses from the outset, each component is recognized separately at its acquisition cost and a depreciation schedule specific to each component is applied.

The depreciable amount is the gross value less the residual value when the latter is measurable, significant and durable. The main components of buildings are depreciated over the period of consumption of the expected economic benefits, which generally corresponds to the asset's useful life:

Components	**Useful life**
Land	NA
Non-destructible facades	NA
Facades/roofing/waterproofing	20-40 years
Foundations / structures	30- 60 years
Renovations	10-20 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 applicable, fixed assets may be subject to impairment.

Investment properties are non-operating assets and are accounted for using the component method.

In thousands of euros	12/31/21	Increase	Decrease	Other movements	12/31/22
Gross amount	**431,669**	**18,909**	**-6,038**	**0**	**444,540**
Operating property, plant and equipment	***427,690***	***18,833***	***-6,035***	***0***	***440,488***
Land	61,550	0	0	0	61,550
Buildings	138,417	172	-59	0	138,530
Shares in non-trading real estate Companies					
Other	227,723	18,660	-5,976	0	240,408
Property, plant and equipment not used in operations	***3,979***	***76***	***-3***	***0***	***4,052***
Depreciation and impairment	**-219,670**	**-25,079**	**2,164**	**0**	**-242,586**
Operating property, plant and equipment	***-217,779***	***-24,860***	***2,164***	***0***	***-240,476***
Land					
Buildings	-77,405	-3,563	59	0	-80,909
Shares in non-trading real estate Companies					
Other	-140,374	-21,297	2,105	0	-159,567
Property, plant and equipment not used in operations	***-1,891***	***-219***	***0***	***0***	***-2,110***
Net carrying amount	**211,999**	**-6,170**	**-3,874**	**0**	**201,954**

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 recognized 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

For structured debts, in application of the principle of prudence, only the certain portion of the remuneration or principal is recorded. Unrealized gains are not recognized. Provisions are recognized for unrealized losses.

In thousands of euros	**12/31/22**	12/31/21
Short-term notes and savings certificates	**0**	0
Interbank market instruments and negotiable debt	**10,188,387**	7,501,457
Bonds	**0**	0
Other debt securities	**0**	0
Accrued interest	**9,379**	(1,149)
Total	**10,197,766**	**7,500,308**

4.8 - Other assets and liabilities

In thousands of euros	12/31/22		12/31/21	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Securities settlement accounts	0	1	0	0
Premiums on options purchased and sold	733,548	147,245	356,444	30,915
Debts in respect of securities borrowed and other securities transactions	0	816,369	0	1,340,018
Tax and social security receivables and debts	79,371	136,519	57,165	128,088
Guarantee deposits received and paid	0	68	0	69
Sundry debtors and sundry creditors	1,609,095	725,410	2,450,981	908,878
TOTAL	**2,422,014**	**1,825,612**	**2,864,590**	**2,407,969**

* In accordance with ANC regulation no. 2020-10. The amount of debt on borrowed securities is reduced by the value of identical securities classified by the institution as trading securities up to the amount of the debt. See note 4.3.1.

Other miscellaneous debtors include margin calls.

Sundry debtors include CICE and CIR receivables in the amount of €302.09 million at 31 December 2022, compared with €872.78 million at 31 December 2021.

4.9 - Accruals and deferred income

	12/31/22		12/31/21	
In thousands of euros	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Foreign exchange commitments	652,841	1,106,163	625,937	369,958
Deferred gains and losses on hedging forward financial instruments	1,934,797	1,899,902	828,395	1,204,174
Prepaid expenses and income	128,029	231,312	103,452	219,703
Accrued income and accrued expenses	85,426	744,095	-25,581	359,052
Items in process of collection	74,800	238,515	60,208	535,491
Other	1,759	20,634	-8,787	2,514
TOTAL	**2,877,652**	**4,240,621**	**1,583,623**	**2,690,891**

4.10 - Provisions

Accounting policies

This item covers provisions intended to cover risks and expenses directly linked or not linked to banking transactions within the meaning of article L311-1 of the Monetary and Financial Code and related transactions defined in article L311-2 of the same code, which are clearly specified in terms of their purpose, and for which the amount or maturity cannot be precisely determined. Unless covered by a specific text, the creation of such provisions is subject to the existence of an obligation to a third party at the balance sheet date and to the absence of equivalent consideration expected from this third party, in accordance with the provisions of Regulation no. 2014-03 of the French Accounting Standards Authority (ANC).

It includes a provision for employee benefits and a provision for counterparty risk.

Employee benefit obligations

Employee benefits are accounted for in accordance with recommendation no. 2013-R-02 of the French Accounting Standards Authority. They are classified in four categories:

→ ***Short-term benefits***

Short-term benefits mainly comprise salaries, paid annual leave, profit-sharing and bonuses paid in the twelve months following 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 benefits are benefits generally linked to length of service, paid to active employees and paid beyond twelve months of the year-end; they include in particular long-service awards. A provision is recorded for these commitments, corresponding to the value of the commitments 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***

These are indemnities granted to employees when their employment contract is terminated prior to retirement, 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 made for termination benefits. Provisions are made for termination benefits paid more than twelve months after the balance sheet date.

→ ***Post-employment benefits***

Post-employment benefits include retirement indemnities, pensions and other retirement benefits.

These benefits can be classified into two categories: defined contribution plans (which do not represent an obligation to be funded by the company) and defined benefit plans (which represent an obligation to be funded by the company and are subject to valuation and funding).

Employee benefits not covered by contributions expensed and paid to pension or insurance funds are provided for in the balance sheet.

The valuation method used is identical to that described for long-term benefits.

The recognition of liabilities takes into account the value of assets set up to cover liabilities and unrecognized actuarial elements.

Actuarial gains and losses on post-employment benefits, representing differences in calculation assumptions (early retirement, discount rate, etc.) or differences between actuarial assumptions and experience adjustments (return on plan assets, etc.), are amortized in accordance with the corridor method, i.e. for the portion exceeding a variation of plus or minus 10% of the obligation or assets.

The annual expense for defined benefit plans includes the current service cost, the net interest cost of discounting the net obligations of plan assets, the past service cost and, where applicable, the amortization of unrecognized actuarial gains and 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 all home savings accounts.

The risks attached to these obligations are covered by a provision, the amount of which is determined by discounting the future 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 determined, 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.

When the algebraic sum of the measurement of future obligations in respect of the savings and loan phases of the same generation of contracts indicates a potentially unfavorable situation, a provision is recorded, without offsetting 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.

The provision is recorded as a liability in the balance sheet and changes are recorded in net banking income.

4.10.1 -Statement of changes in provisions

In thousands of euros	1/1/22	Provisions made	Uses of provisions	Provisions written back	12/31/22
Provisions for counterparty risks	**208,103**	**59,040**	**-33,328**	**-1,033**	**232,781**
Provisions for employee benefit obligations	**40,769**	**3,030**	**-4,847**	**0**	**38,952**
Provisions for home saving plans (PEL) and home sa\	**20,605**	**0**	**-1,333**	**0**	**19,272**
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*
Exceptional provisions	**0**	**0**	**0**	**0**	**0**
Restructuring of information systems					
Other exceptional provisions					
Total	**269,477**	**62,070**	**-39,508**	**-1,033**	**291,005**

4.10.2 - Provisions and impairment charges for counterparty risk

In thousands of euros	12/31/21	Provisions made	Uses of provisions	Provisions written back	12/31/22
Impairment of assets	**547,350**	**347,502**	**-43,592**	**-81,205**	**770,055**
Impairment of loans and advances to customers	469,307	146,721	-32,726	-81,205	502,096
Impairment of other receivables	78,043	200,781	-10,865	0	267,959
Provisions for counterparty risks recorded as liabilities	**208,103**	**59,039**	**-33,328**	**-1,033**	**232,781**
Provisions on off-balance sheet commitments	15,641	5,146	-13,010	0	7,777
Provisions for country risks	1,031	462	0	0	1,493
Provisions for sector risks and collective	152,591	32,209	-6,463	0	178,337
Provisions for customer counterparty risks	38,840	21,222	-13,855	-1,033	45,174
Other provisions	0	0	0	0	0
TOTAL	**755,452**	**406,541**	**-76,920**	**-82,238**	**1,002,835**

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 pension plan managed by the Caisse Autonome de Retraite des Banques Populaires (CARBP) covers the pension benefits resulting from the closure of the bank pension scheme on 31 December 1993;
- Pensions and similar: end-of-career indemnities and benefits granted to pensioners;
- Other: benefits such as long-service awards and other long-term employee benefits.

These obligations are calculated in accordance with the provisions of Recommendation no. 2013-R-02 of the French Accounting Standards Authority (Autorité des normes comptables) as amended on 5 November 2021.

Provisions - Employee benefit obligations

→ ***Analysis of assets and liabilities included in the balance sheet***

In thousands of euros	12/31/22				12/31/21			
	CARBP regime	**Retirement indemnities**	**Other commitments**	**Total**	CARBP regime	Retirement indemnities	Other commitments	Total
Actuarial liabilities	76,602	6,033	36,574	**119,210**	98,339	7,541	48,780	**154,661**
Fair value of plan assets	-57,822	-4,281	-36,599	**-98,702**	-67,493	-4,543	-40,495	**-112,531**
Fair value of reimbursement rights								
Effect of ceiling on plan assets								
Unrecognized actuarial gains/(losses)	9,513	491	8,441	**18,445**	630	-349	-1,641	**-1,360**
Unrecognized past service costs			0				0	
Net amount reported on the balance sheet	**28,293**	**2,243**	**8,416**	**38,952**	**31,475**	**2,649**	**6,645**	**40,769**
Employee benefit commitments recorded in	28,293	2,243	8,416	**38,952**	31,475	2,649	6,645	40,769
Active corporate liabilities				0				0

→ *Analysis of costs for the year*

In thousands of euros	12/31/22				12/31/21
	CARBP regime	Retirement indemnities	Other commitments	Total	Total
Cost of services rendered	0	0	-3,401	**-3,401**	**-3,701**
Past Service Costs	0	0	0	**0**	**0**
Interest disbursed	-820	381	-446	**-886**	**-412**
Interest received	578	27	364	**969**	**398**
Benefits paid	3,425	0	2,122	**5,547**	**5,828**
Contributions received			0	**0**	**0**
Actuarial gains or losses recognised in profit and	0	-0	0	**-0**	**-694**
Other	0	0	-410	**-410**	**440**
TOTAL	**3,182**	**407**	**-1,771**	**1,818**	**1,859**

→ *Breakdown of fair value of plan assets*

	CAR-BP		End of Career Benefits	
	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	8.76%	5,064	0.00%	0
Shares	42.59%	24,626	40.67%	14,884
Bonds	40.84%	23,613	0.00%	0
Property	0.00%	0	0.00%	0
Derivatives	0.00%	0	0.00%	0
Investment fund	7.81%	4,519	59.33%	21,715
Total	100.00%	**57,822**	100.00%	**36,599**

Main actuarial assumptions

	CARBP regime		Other commitments	
As a percentage	**12/31/22**	12/31/21	**12/31/22**	12/31/21
Discount rate	3.72%	0.86%	3.76%	0.90%
Expected return on plan assets	2.40%	1.70%	2.40%	1.70%

The mortality tables used are : TGH05-TGF05.
The discount rate used is derived from the EUR Composite (AA) curve for prime borrowers.

4.10.4 - Provisions for regulated home savings products

Outstanding deposits collected

In thousands of euros	**12/31/22**	12/31/21
Deposits held in regulated home savings plans (PEL)		
* less than 4 years	173,820	148,071
* more than 4 years and less than 10 years	909,798	944,587
* more than 10 years	622,576	645,814
Deposits held in regulated home savings plans	**1,706,194**	**1,738,472**
Deposits held in regulated home savings accounts	181,291	176,658
TOTAL	**1,887,485**	**1,915,130**

Outstanding loans granted

In thousands of euros	**12/31/22**	12/31/21
Loans granted		
* under PEL regulated home savings plans	273	434
* under regulated home savings accounts	281	466
TOTAL	**554**	**899**

Provisions for liabilities related to home savings accounts and plans (PEL and CEL)

In thousands of euros	**1/1/22**	**Net provisions / reversals**	**12/31/22**
Provisions for regulated home savings plans			
* less than 4 years	1,973	-758	1,215
* more than 4 years and less than 10 years	4,002	-1,114	2,888
* more than 10 years	12,565	-1,210	11,355
Provisions for regulated home savings plans	**18,539**	**-3,081**	**15,458**
Provisions for regulated home savings accounts	**2,079**	**1,744**	**3,823**
Provisions for PEL regulated home savings loans	-6	1	-5
Provisions for CEL regulated home savings loans	-8	3	-5
Provisions for regulated home savings loans	**-14**	**4**	**-10**
TOTAL	**20,605**	**-1,333**	**19,272**

4.11 - Subordinated debts

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	**12/31/22**	12/31/21
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

As of 31 December 2022, no redemption or issue premiums remain to be amortized.

4.12 - Fund for general banking risks

General principles

These funds are intended to cover the risks inherent in the entity's activities, in accordance with the provisions of Article 3 of CRBF (Comité de la Réglementation Bancaire et Financière) regulation 90-02.

They also include amounts allocated to the Regional Solidarity Fund and to funds set up under the guarantee mechanism (see note 1.2).

In thousands of euros	12/31/21	Increase	Decrease	Other changes	**12/31/22**
Regional Solidarity Funds	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 2022, the funds for general banking risks included €89.94 million allocated to the Banque Populaire Network Fund, €35.105 million allocated to the Mutual Guarantee Fund and €87.87 million allocated to the Regional Solidarity Fund.

4.13 - Shareholders' equity

In thousands of euros	**Capital**	**Issue premiums**	**Reserves/ other**	**Rescheduling**	**Result**	**Total equity excluding FRBG**
TOTAL AT 31 DECEMBER 2020	**1,375,718**	**7,482**	**1,985,473**	**110,000**	**155,022**	**3,633,696**
Year Movements	14,090	0	140,669	4,216	-155,022	3,953
TOTAL AT 31 DECEMBER 2021	**1,495,867**	**7,482**	**2,115,783**	**114,216**	**223,904**	**3,957,252**
Impact change of method			4,216	-4,216		0
Allocation of 2021 profit			*223,904*		*-223,904*	0
Dividend distribution			*-20,494*			-20,494
Capital reduction						0
Capital increase	*185,565*		*-9,581*			175,984
Other changes						0
Income for the period					*158,559*	158,559
TOTAL AT 31 DECEMBER 2022	**1,681,432**	**7,482**	**2,313,828**	**110,000**	**158,559**	**4,271,301**

(1) To be detailed where applicable

The share capital is set at €1,681,431,905.79. The share capital is divided into one hundred and fifty-nine million six hundred and eighty thousand one hundred and forty-three (159,680,143) shares with a par value of ten euros and fifty-three cents (€10.53) 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.

A capital increase, by cash subscription, in the amount of €175,984,324.92 was carried out pursuant to a deliberation of the Board of Directors on 14 February 2022, through the issue at par of 16,808,436 new shares with a par value of €10.47 each.

At 1st June 2022, BRED Banque Populaire distributed €20.494 million in interest on cooperative shares, paid in full in cash.

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.

.

In thousands of euros	12/31/22 Less than 1 month	from 1 month to 3 months	3 months to 1 year	1 year to 5 years	over 5 years	No fixed maturity	Total
Treasury bills and similar securities	567,786	18,909	936,155	9,176,062	1,932,318	0	12,631,230
Receivables from credit institutions	3,780,093	2,785,380	846,471	624,979	951,140	0	8,988,063
Customer transactions	5,934,223	1,209,072	3,478,765	9,964,742	10,604,207	0	31,191,009
Bonds and other fixed-income securities	270,530	114,205	937,145	1,390,440	7,660,483	0	10,372,803
Finance and operating leases	0	0	0	0	0	0	0
Total uses of funds	**10,552,632**	**4,127,566**	**6,198,536**	**21,156,223**	**21,148,148**	**0**	**63,183,105**
Amounts due to credit institutions	23,997,853	4,274,432	3,883,592	1,537,753	282,796	0	33,976,426
Customer transactions	43,002,700	3,960,375	3,529,939	1,146,362	71,006	0	51,710,382
Debt securities	3,499,901	6,108,973	570,860	18,032	0	0	10,197,766
Subordinated debt	2,368	0	0	0	0	0	2,368
Total resources	**70,502,822**	**14,343,780**	**7,984,391**	**2,702,147**	**353,802**	**0**	**95,886,942**

Following the application of ANC regulation no. 2020-10, debts evidenced by a security are presented after deduction of borrowed securities and the receivable from the savings fund is presented after deduction of 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 entities include refinancing agreements, acceptances or commitments to pay, confirmations 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***

Guarantees given by credit institutions include in particular deposits, endorsements and other guarantees given by credit institutions and similar entities.

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	**12/31/22**	12/31/21
Financing commitments given		
for credit institutions	**190,730**	**456,942**
to customers	**5,251,086**	**4,607,073**
Opening of documentary credits	*83,344*	*102,198*
Opening of other confirmed credit lines	*5,144,949*	*4,474,824*
Other commitments	*22,793*	*30,051*
Total financing commitments given	**5,441,816**	**5,064,015**
Financing commitments received		
from credit institutions	**2,896,775**	3,758,962
from customers		
Total financing commitments received	**2,896,775**	**3,758,962**

5.1.2 - Guarantee commitments

In thousands of euros	12/31/22	12/31/21
Guarantee commitments given		
To credit institutions	**355,744**	**280,830**
- confirmation of the opening of documentary credits	*228,404*	*147,002*
- other guarantees	*127,340*	*133,828*
To customers	**2,749,381**	**2,296,122**
- property guarantees	*171,569*	*227,857*
- tax and administrative guarantees	*25,677*	*29,301*
- other endorsements and similar guarantees	*981,504*	*938,628*
- other guarantees given	*1,570,631*	*1,100,336*
Total guarantee commitments given	**3,105,125**	**2,576,952**
Guarantee commitments received from credit institutions	4,491,993	4,636,624
Total guarantee commitments	**7,597,118**	**7,213,576**

5.1.3 - Other commitments not reported as off-balance sheet items

Commitments received and given - Other commitments not shown off-balance sheet

In thousands of euros	12/31/22		12/31/21	
	Commitments given	Commitments received	Commitments given	Commitments received
Other securities assigned as guarantees to credit institutions	2,163,501		3,616,524	
Other securities assigned as guarantees received from customers	0		0	
Total	**2,163,501**	**0**	**3,616,524**	**0**

As of 31 December 2022, receivables pledged as collateral under the refinancing arrangements include:

- 98.552 million at 31 December 2021;
- BRED Banque Populaire did not hold any pledged receivables from SFEF at 31 December 2022 or at 31 December 2021.

5.2 - Transactions on forward financial instruments

Accounting policies

Hedging and market transactions in interest rate, foreign exchange and equity futures are recorded in accordance with the provisions of Regulation No. 2014-07 of the French Accounting Standards Authority (ANC).

Commitments relating to these transactions are recorded in the off-balance sheet accounts at the nominal value of the contracts. At the balance sheet date, the amount of these commitments represents the volume of unsettled transactions at the balance sheet date.

The accounting principles applied differ according to the nature of the instruments and the intentions of the original operators.

Firm operations

Interest rate swaps and similar contracts (forward rate agreements, interest rate caps and floors) are classified according to the criterion of initial intention in the following categories:

- Micro-hedging (specific hedging relationship));
- Macro-hedging (global asset liability management);
- Speculative positions / isolated open positions ;
- Specialized management of trading securities.

Amounts received or paid in respect of the first two categories are recognized in the income statement on a pro rata temporis basis.

The income and expenses of instruments used to hedge an item or a group of homogeneous items are recognized in the income statement on a symmetrical basis with the income and expenses on the hedged items. The income and expenses relating to the hedging instrument are recorded in the same heading as the income and expenses relating to the hedged items under "Interest and similar income" and "Interest and similar expenses". The item "Gains or losses on trading portfolio transactions" is used when the hedged items are included in the trading securities.

In the event of a material overhedge, a provision may be booked on the hedging instrument for the amount of the overhedged portion, if the instrument has an unrealized loss. In this case, the provision will be booked under "Gains and losses on trading portfolio transactions".

Income and expenses relating to forward financial instruments used to hedge and manage a global interest rate risk are recorded pro rata temporis in the income statement under "Interest and similar income" and "Interest and similar expenses". Unrealized gains and losses are not recorded.

Expenses and income relating to certain contracts constituting isolated open positions are recorded in the income statement when the contracts are settled or on a pro rata basis depending on the nature of the instrument.

The recognition of unrealized gains and losses depends on the nature of the markets concerned (organized and similar or over-the-counter).

On over-the-counter markets (which include transactions processed through clearing houses), a provision is recorded for any unrealized losses relative to the market value. Unrealized gains are not recorded.

On organized or similar markets, the instruments are permanently listed and have sufficient liquidity to justify their valuation at market price.

Specialized management contracts are valued taking into account a discount for counterparty risk and the present value of future management expenses, if these valuation adjustments are significant. Derivatives traded with a counterparty that is a member of the Groupe BPCE mutual support mechanism (see note 1.2) are not subject to these valuation adjustments. Changes in value from one accounting period to the next are immediately recognized in the income statement under "Gains or losses on trading portfolio transactions".

Termination or assignment payments are accounted for as follows:

- For transactions classified as specialised management or isolated open positions, compensation payments are reported immediately in the income statement;
- For micro-hedging and macro-hedging transactions, balances are amortised over the remaining term of the initially hedged item or recognized immediately in profit or loss.

Options

The notional amount of the underlying instrument to which the option or futures contract relates is recorded separately for hedging contracts and for contracts traded on the market.

For interest rate, currency and equity options, premiums paid or received are recorded in a suspense account. At the end of the financial year, these options are valued in the income statement in the case of products listed on an organized market or similar. For over-the-counter markets, only losses are provided for and unrealized gains are not recorded. On resale, redemption, exercise or expiry, premiums are recognized immediately in the income statement.

For hedging transactions, income and expenses are reported symmetrically to those relating to the hedged item. Written options are not eligible for classification as macro-hedging instruments.

OTC markets can be considered as organized markets when the institutions acting as market makers guarantee permanent quotations with spreads that reflect traded prices or when quotations of the underlying financial instrument are themselves made on an organized market.

5.2.1 -Financial instruments and forward foreign exchange transactions

Financial instruments and foreign exchange futures

In thousands of euros	12/31/22 Hedging	12/31/22 Other transactions	12/31/22 Total	12/31/22 Fair value	12/31/21 Hedging	12/31/21 Other transactions	12/31/21 Total	12/31/21 Fair value
Firm transactions								
Transactions on organised markets	***0***	***32,051,397***	***32,051,397***	***0***	***0***	***25,905,012***	***25,905,012***	***0***
Interest rate contracts	0	52,522	***52,522***	0	0	556,715	556,715	0
Foreign exchange contracts	0	0	***0***	0	0	12,540	12,540	0
Other contracts	0	31,998,875	***31,998,875***	0	0	25,335,757	25,335,757	0
OTC transactions	***105,099,585***	***103,445,765***	***208,545,350***	***(1,593,299)***	***114,627,265***	***59,245,268***	***173,872,533***	***(82,782)***
Forward rate agreements (FRA)	0	0	0	0	0	0	0	0
Interest rate swaps	103,748,531	20,683,680	124,432,211	(1,047,533)	113,522,591	25,816,281	139,338,872	(418,936)
Foreign exchange swaps	1,351,054	5,077,395	6,428,449	104,954	1,104,674	3,125,317	4,229,991	115,249
Other forward contracts	0	77,684,690	77,684,690	(650,720)	0	30,303,669	30,303,669	220,905
Total Firm Transactions	**105,099,585**	**135,497,162**	**240,596,747**	**(1,593,299)**	**114,627,265**	**85,150,279**	**199,777,544**	**(82,782)**
Options								
Transactions on organised markets	***0***	***2,482,000***	***2,482,000***	***586,666***	***0***	***1,345,536***	***1,345,536***	***316,521***
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	2,482,000	2,482,000	586,666	0	1,345,536	1,345,536	316,521
OTC transactions	***0***	***8,112,870***	***8,112,870***	***6,144***	***0***	***4,971,000***	***4,971,000***	***(1,551)***
Interest Rate Options	0	6,828,805	6,828,805	7,894	*0*	4,222,809	4,222,809	2,309
Foreign exchange options	0	1,094,720	1,094,720	(690)	0	602,319	602,319	(2,197)
Other options	0	189,345	189,345	(1,061)	0	145,872	145,872	(1,663)
Total conditional transactions	0	10,594,870	10,594,870	592,810	**0**	**6,316,536**	**6,316,536**	**314,970**
Total financial and currency forwards	**105,099,585**	**146,092,032**	**251,191,617**	**(1,000,489)**	**114,627,265**	**91,466,815**	**206,094,080**	**232,188**

5.2.2 - Breakdown of over-the-counter interest rate financial instruments and financial currency swaps by type of portfolio

In thousands of euros	12/31/21 Microhedge	12/31/21 Macrohedge	12/31/21 Isolated open position	12/31/21 Specialized management	12/31/21 Total	12/31/21 Microhedge	12/31/21 Macrohedge	12/31/21 Isolated open position	12/31/21 Specialized management	12/31/21 Total
Firm Operations	***97,234,584***	***7,865,001***	***0***	***25,761,075***	***130,860,660***	***106,032,036***	***8,595,229***	***0***	***28,941,598***	***143,568,864***
Forward rate agreements (FRA)	0	0	0	0	***0***	0	0	0	0	0
Interest rate swaps	95,883,530	7,865,001	0	20,683,680	***124,432,211***	104,927,362	8,595,229	0	25,816,281	139,338,872
Foreign exchange swaps	1,351,054	0	0	5,077,395	***6,428,449***	1,104,674	0	0	3,125,317	4,229,991
Other interest rate forward contracts	0	0	0	0	***0***	0	0	0	0	0
Conditional transactions	***0***	***0***	***0***	**6,828,805**	***6,828,805***	**0**	**0**	**0**	**4,222,809**	**4,222,809**
Interest Rate Options	0	0	0	6,828,805	***6,828,805***	0	0	0	4,222,809	4,222,809
Total	**97,234,584**	**7,865,001**	**0**	**32,589,880**	**137,689,465**	**106,032,036**	**8,595,229**	**0**	**33,164,408**	**147,791,673**

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 year-end exchange rate. Unrealized and final exchange gains and losses are recorded in the income statement. Income and expenses paid or received are recorded at the exchange rate on the day of the transaction.

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 rate.

Premiums and discounts on foreign forward exchange contracts are recognized in the income statement on an accruals basis. Other foreign exchange contracts and forward financial instruments are marked to market. Dry forward exchange contracts or contracts hedged by forward instruments are revalued at the rate of the remaining term. Foreign exchange swaps are recorded as combined spot purchases and forward currency transactions. Financial currency swaps are subject to the provisions of regulation no. 2014-07 of the French Accounting Standards Authority (ANC).

In thousands of euros	**12/31/22**	12/31/21
Spot currency transactions		
Currency receivable not received	1,252,926	650,944
Currency deliverable not delivered	1,231,400	742,945
TOTAL	**2,484,326**	**1,393,888**

5.4 - Breakdown of balance sheet by currency

	12/31/22		**12/31/21**	
In thousands of euros	Assets	Liabilities	Assets	Liabilities
Euro	92,263,318	82,754,586	58,377,146	54,462,987
Dollar	11,968,762	15,190,451	12,110,523	10,847,676
Pound sterling	763,732	8,102,627	816,873	7,155,343
Swiss Franc	270,200	164,738	150,236	82,666
Yen	1,397,489	96,288	1,366,716	120,942
Other	64,889	419,699	54,722	206,601
Total	**106,728,389**	**106,728,389**	72,876,216	72,876,216

NOTE 6 - OTHER INFORMATION

6.1 - Consolidation

Pursuant to Article 4111-1 of regulation no. 2014-07 of the French Accounting Standards Authority (ANC), in application of article 111-1 of ANC regulation 2020-01, BRED Banque Populaire prepares consolidated financial statements under international accounting standards.

Its individual accounts are integrated into the BRED Group's consolidated accounts.

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 are part of the global fight against non-tax cooperative jurisdictions, which has emerged from the various OECD meetings and summits, but also contribute to the prevention of money laundering and financing of terrorism.

From the outset, Groupe BPCE has adopted a prudent approach, regularly informing the institutions in its networks of updates to the lists of territories considered by the OECD to be insufficiently cooperative with regard to the exchange of information in tax purposes and of the consequences that setting up business in such territories could have. At the same time, lists of these territories have been partially integrated into the software packages used for the prevention of money laundering, with a view to applying appropriate vigilance to transactions with these States and territories (implementation of decree n°2009-874 of July 16, 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 2 March 2022 issued in application of Article 238 0-- A of the General Tax Code.

During the year 2022, BRED Banque Populaire had an activity with :

- Its banking subsidiary in Vanuatu: holding an ordinary bank account, granting a loan on 31 December 2022 for €8.1 million (loans in foreign currencies, equivalent to euros given here), granting loan(s) for €4 million, impact of result less than €50K on the loan ;
- Its banking subsidiary in the Fiji Islands: holding an ordinary bank account, agreement of loan(s) up to 22.7 M€, impact on income of less than 350 K€ on loan, exchange of services of less than 100 K€.

PROFIT FROM LAST FIVE FINANCIAL YEARS					
in thousands of euros Capital at the year end	**2018**	**2019**	**2020**	**2021**	**2022**
Cooperative shares: amount	1,176,070	1,361,628	1,375,718	1,495,867	1,681,432
Number of shares outstanding	113,301,560	130,674,465	132,026,661	142,871,707	159,680,143
Equity	3,077,955	3,478,936	3,633,696	3,957,252	4,271,301
Results of operations					
Net banking income	926,573	1,021,125	1,004,639	1,101,117	1,062,294
Profit before tax, employee profit-sharing, depreciation, amortisation and provisions	366,249	483,392	408,096	449,698	563,513
Income tax	-34,350	-98,157	-90,503	-92,703	-61,234
Employee profit-sharing for the year	-29,070	-31,700	-30,433	-45,100	-51,281
Profit after tax and employee profit-sharing, depreciation, amortisation and provisions	150,099	236,420	155,022	223,904	158,559
Retained earnings before appropriation of profit for the year	110,000	110,000	110,000	114,216	110,000
Net income transferred to reserves	126,825	207,220	129,702	196,431	112,746
Retained earnings after appropriation of profit for the year	110,000	110,000	110,000	110,000	110,000
Interest allocated to members	15,770	17,379	17,569	20,494	37,885
Earnings per share (cooperative shares)					
Profit after tax and employee profit-sharing, but before depreciation, amortisation and provisions	3.15	3.12	2.20	2.36	3.16
Profit after tax and employee profit-sharing, depreciation, amortisation and provisions	1.56	2.09	1.19	1.70	1.11
Dividend per share	0.17	0.16	0.14	0.16	0.26
Employees					
Employee data Average workforce employees during the period	3,428	3,512	3,516	3,491	3,594
Total payroll costs for the period	195,254	198,163	201,633	207,144	220,485
Employee benefits	101,048	138,996	105,539	113,826	117,610

- 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 December 2020
- The 10 845 046 new cooperative shares created in December 2021 have been entitled to dividends since 09 August 2021
- The 16 808 436 new cooperative shares created in December 2022 have been entitled to dividends since 09 August 2022

STATUTORY AUDITORS' REPORT ON THE INDIVIDUAL ANNUAL FINANCIAL STATEMENTS

PricewaterhouseCoopers Audit
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92208 Neuilly-sur-Seine Cedex

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BRED BANQUE POPULAIRE

18, quai de la Rapée
75012 Paris

Statutory Auditors' Report on the annual financial statements

Financial year ending 31 December 2022

BRED BANQUE POPULAIRE

18, quai de la Rapée
75012 Paris

Statutory Auditors' Report on the annual financial statements

Financial year ending 31 December 2022

To the members,

Opinion

In compliance with the assignment entrusted to us by your General Meeting, we have audited the accompanying financial statements of BRED BANQUE POPULAIRE for the year ended 31 December 2022.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the company as of 31 December 2009, in accordance with the accounting rules and principles applicable in France.

The opinion expressed above is consistent with the contents of our report to the Audit Committee.

Basis of opinion

Audit framework

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

Our responsibilities under these standards are set out in the section of this report entitled "Statutory Auditors' Responsibilities in the Audit of the Financial Statements".

Independence

We conducted our audit in accordance with the rules of independence set out in the French Commercial Code and in the Code of Ethics for Statutory Auditors for the period from 1st January 2022 to the date of issue of our report, and in particular we did not provide any services prohibited by Article 5(1) of Regulation (EU) No 537/2014.

Justification of assessments - Key points of the audit

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgment, were the most important for the audit of the annual financial statements for the year, as well as the responses we have given to these risks.

These assessments were made in the context of our audit of the financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on any individual component of these financial statements.

Credit risk - individual and collective impairment

Identified risk

Bred Banque Populaire is exposed to credit and counterparty risks. These risks, which result from the inability of its clients or counterparties to meet their financial commitments, relate in particular to its customer lending activities.

Impairment losses are recognized on outstanding loans with a known counterparty risk, mainly on an individual basis. These impairments are assessed by the Bank's management on the basis of estimated future recoverable cash flows, taking into account the guarantees available for each of the loans concerned.

In addition, your Bank records in its parent company financial statements provisions for expected credit losses on loans with a significant deterioration in credit risk. These provisions are determined mainly on the basis of models developed by BPCE incorporating various parameters (expected cash flows over the life of the financial instrument, probability of default, loss given default, forward-looking information).

These provisions for expected losses are supplemented, where necessary, by allocations on a sectoral basis in the light of local specificities identified by the bank.

We considered that the identification and assessment of credit risk was a key point in the audit, as the resulting provisions and impairments constitute a significant estimate for the preparation of the financial statements, particularly in a context of persistent uncertainties marked by the conflict in Ukraine and the tensions over raw materials and energy, They require management's judgment in allocating outstanding loans to the various statuses, in determining the parameters and methods for calculating provisions for expected credit losses, and in assessing the level of impairment of doubtful and impaired loans.

As of December 31 2022, the stock of individual impairments on outstanding loans amounted to €502 million for gross outstanding loans of €31.2 billion (including gross outstanding loans subject to impairment of €2 billion)

The stock of provisions for counterparty risk recorded in liabilities amounts to 232.8 M€.

The cost of risk for fiscal year 2022 amounts to - €118.8 million (compared to - €108.5 million for fiscal year 2021).

For more details on accounting policies and exposures, see notes 3.9, 4.2 and 4.10 to the financial statements.

Our response

Provisioning of non-impaired loans with a significant deterioration in credit risk :

Our work mainly consisted of :

- ensure that an internal control system is in place to ensure that the ratings of the various counterparties are updated at an appropriate frequency,
- a critical review of the work of the BPCE Group's consolidation auditors, who, in conjunction with their experts and specialists :
  - ensured the existence of a governance structure that reviews the adequacy of the provisioning models and the parameters used to calculate the provisions at an appropriate frequency;
  - have assessed the appropriateness of the parameters used for the calculation of provisions as at 31 December 2022;
  - performed counter-calculations on the main credit portfolios;
  - carried out controls on the entire IT system implemented by Groupe BPCE, including a review of general IT controls, interfaces and automated controls;
  - carried out checks on the tool provided by Groupe BPCE in order to assess the impact in terms of expected credit losses of the application of sectoral downgrades.

In addition, we ensured that the sectoral provisions recorded by your Bank were properly documented and justified. In this respect, we (i) assessed the criteria used by the Bank to identify the business segments considered, in the light of its environment, to be more sensitive to the impact of the current economic environment, (ii) performed a critical review of the provisions thus estimated.

Impairment on doubtful and impaired loans

As part of our audit procedures, we have generally examined the control system relating to the identification of exposures, the monitoring of credit and counterparty risks, the assessment of non-recovery risks and the determination of related impairment and provisions on an individual basis.

Our work consisted in assessing the quality of the system for monitoring sensitive, doubtful and disputed counterparties; the credit review process; and the system for valuing guarantees. In addition, on the basis of a sample of files selected according to materiality and risk criteria, we performed contradictory analyses of the amounts of impairment.

We have also assessed the information detailed in the notes to the financial statements with respect to credit risk as at 31 December 2022

Valuation of shareholdings

Identified risk	*Our response*
Valuation of the shares of the central body BPCE SA :	***Valuation of the shares of the central body BPCE SA :***
Groupe BPCE is a cooperative group whose cooperative shareholders own the two retail banking networks: the 14 Banques Populaires and the 15 Caisses d'Epargne. Each of the two networks has an equal stake in BPCE, the group's central institution. The value of the central body's shares, classified as equity investments, was determined by calculating a revalued net asset value that includes the revaluation of BPCE's main subsidiaries. Their valuation is based on discounted multi-year forecasts of expected dividend flows (DDM) determined from the business plans of the main 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 periodic valuation by an independent expert, as well as the central body's forecast structural expenses. We considered that the value of BPCE S.A. shares constitutes a key point of the audit because of the significance of this accounting estimate within your Bank's balance sheet and the judgments involved in the calibration of the parameters. *The net book value of BPCE shares was €853.2 million at 31 December 2022, with no change since 31 December 2021.* *The accounting methods and policies relating to investments and shares in affiliated companies are described in note 4.4.*	The valuation work on BPCE securities is performed by the central body's valuation teams. As a result, the audit procedures necessary for the validation of 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 ensure the audit approach they have implemented and critically review these conclusions. As part of the work performed, the central body's auditors call on the expertise of the Valuation and Models teams of each firm. The work carried out consisted mainly of : - an analysis of the relevance of the methodology used to value the main entities; - Obtaining and critically reviewing the business plans of subsidiaries and major holdings and analyzing the discount, growth and return on equity rates used according to the profile of each entity; - 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 examined and critically reviewed during this exercise.

Valuation of other financial instruments

Identified risk	***Our response***
As part of its financial activities or in connection with its customer service offering, BRED Banque Populaire holds a portfolio of securities (government securities, bonds, shares, etc.) and derivatives. These instruments are valued according to different approaches, depending on their nature, classification and complexity. We considered that the valuation of financial instruments was a key point of the audit given the importance of judgment in their valuation, which includes: • 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 such as discount rates or long-term growth rates for other unlisted securities; • consideration of financial trajectories ; • the estimation of valuation adjustments to take account of counterparty or liquidity risks. *The related accounting methods and principles for financial instruments are described in the notes "Securities" and "Forward financial instruments", and illustrated in notes 4.3 and 5.2 to the financial statements.*	With regard to BRED Banque Populaire's own activity, we assessed the processes and controls put in place to identify and value the financial instruments held, in particular the governance of the valuation models and the control of the results recorded on these operations. In conjunction with our risk modeling and quantitative techniques specialists, we have: • Performed independent valuations on a sample of derivative instruments and analyzed any differences; • compared the market values with the quoted prices observed at the closing date for listed instruments; • analyzed the internal processes for identifying and validating the main value adjustments applied to financial instruments and their changes over time: our analyses focused in particular on governance and the methodologies used for the market reserves established. We ensured that the estimates used were based on methods consistent with the principles described in the notes to the financial statements.

Specific checks

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law and regulations.

Information given in the management report and in the other documents on the financial situation and annual accounts sent to the members

We have no matters to report as to the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors, and in the other documents relating to the financial position and the financial statements which are addressed to the members, except for the following matter

- As indicated in the management report, this information does not include banking transactions and related operations, as your company considers that they are not included in the scope of the information to be provided.

Corporate Governance Report

We hereby certify that the Board of Directors' report on corporate governance contains the information required by Articles L.225-37-4 and L.22-10-10 of the French Commercial Code.

Other information

In accordance with the law, we have ensured that the various disclosures relating to the acquisition of participating and controlling interests have been made in the management report.

Other verifications or information required by law and regulations

Appointment of auditors

We were appointed as statutory auditors of BRED BANQUE POPULAIRE by the General Meeting of 21 May 1999 for KPMG SA, and of 23 May 1996 for PwC, taking into account the acquisitions or mergers of firms that have taken place since those dates.

At 31 December 2022, KPMG S.A. was in the 24th year of its uninterrupted engagement and PwC in the 27th year.

Responsibilities of management and those charged with governance in relation to the annual accounts

It is the responsibility of management to prepare financial statements that give a true and fair view in accordance with French accounting rules and principles, and to implement such internal controls as it determines necessary to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for making an assessment of the company's ability to continue as a going concern, for disclosing in those financial statements, where appropriate, the necessary information relating to the going concern and for applying the going concern basis of accounting, unless the company is to be wound up or cease trading.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of the internal control and risk management systems, as well as the internal audit, where applicable, with respect to procedures relating to the preparation and processing of accounting and financial information.

The annual accounts have been approved by the Board of Directors.

Responsibilities of the statutory auditors in relation to the audit of the annual accounts

Audit objective and approach

Our responsibility is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements taken as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but does not guarantee that an audit performed in accordance with professional standards will result in the systematic detection of material misstatements. Misstatements may be the result of fraud or error and are considered material when it is reasonable to expect that they could, individually or in the aggregate, influence the economic decisions that users of the financial statements make in reliance on them.

As specified in article L.823-10-1 of the French Commercial Code, our role in certifying the financial statements is not to guarantee the viability or quality of the management of your company.

In the context of an audit conducted in accordance with professional standards applicable in France, the auditor exercises professional judgment throughout the audit. In addition :

- the auditor identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures to address those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the audit opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, because fraud may involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control;
- The auditor obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- it assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as the related disclosures in the financial statements;
- it assesses the appropriateness of management's application of the going concern accounting policy and, based on the information obtained, whether there is any material uncertainty related to events or circumstances that may affect the company's ability to continue as a going concern. This assessment is based on information gathered up to the date of the report, bearing in mind that subsequent events or circumstances could call into question the company's ability to continue as a going concern. If the auditor concludes that there is a material uncertainty, he draws the attention of the readers of his report to the information provided in the annual financial statements concerning this uncertainty or, if this information is not provided or is not relevant, he issues a qualified opinion or a refusal to certify;
- it assesses the overall presentation of the annual accounts and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

Report to the Audit Committee

We submit a report to the Audit Committee setting out, in particular, the scope of our audit and the work program implemented, as well as the conclusions arising from our work. We also report to the Audit Committee on any material weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information.

Among the elements communicated in the report to the Audit Committee are the risks of material misstatement, which we consider to have been the most important for the audit of the annual financial statements for the year and which therefore constitute the key points of the audit, which it is our responsibility to describe in this report.

We also provide the Audit Committee with the statement required by Article 6 of EU Regulation 537-2014 confirming our independence, in accordance with the rules applicable in France as set out in Articles L.822-10 to L.822-14 of the French Commercial Code and in the Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks to our independence and the safeguards applied.

Done at Paris La Défense and Neuilly-sur-Seine, April 24, 2023

The auditors

KPMG SA	**PricewaterhouseCoopers Audit**
Ulrich Sarfati	Emmanuel Benoist

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BRED Group compliance and risk management and control

Certain information presented in this section is required by IFRS 7 and is therefore covered by the opinion of the Statutory Auditors on the consolidated accounts. This information is flagged by the statement "Information presented in accordance with IFRS 7".

INTRODUCTION

Internal control mechanism

The internal control system of BRED and its subsidiaries falls within the framework of the Decree of 3 November 2014, as amended on 25 February 2021, relating to the internal control of companies in the banking, payment and investment services sector subject to the supervision of the Autorité de contrôle prudentiel et de résolution (hereinafter "Decree of 3 November 2014"), the provisions of the French Monetary and Financial Code (CMF), including in particular the regulations relating to the prevention against 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 system are to:

- develop a risk monitoring culture among the group's staff members, especially in order to avoid the risk of fraud;
- continuously improve the efficiency and quality of the operations of the group and its subsidiaries;
- guarantee that information is reliable, especially concerning its finances and accounting;
- Ensure the safety of operations in accordance with legislation and instructions from the Branch.

In terms of permanent and periodic controls, BRED applies the standards defined in the charters of the BPCE Group's control departments.

Overall organisation of internal control

In accordance with banking regulations, the institution's internal control system is based on:

- first level control by the operational hierarchy;
- permanent second-level control, carried out by dedicated staff who do not have any operational activity in regulatory terms;
- and periodic controls.

The permanent and periodic control functions are integrated into Groupe BPCE's control systems. These links have been formalized through procedures, policies or charters covering each of the control functions. The internal control system seeks to ensure that the risks taken are consistent with the BRED Group's policy in this area.

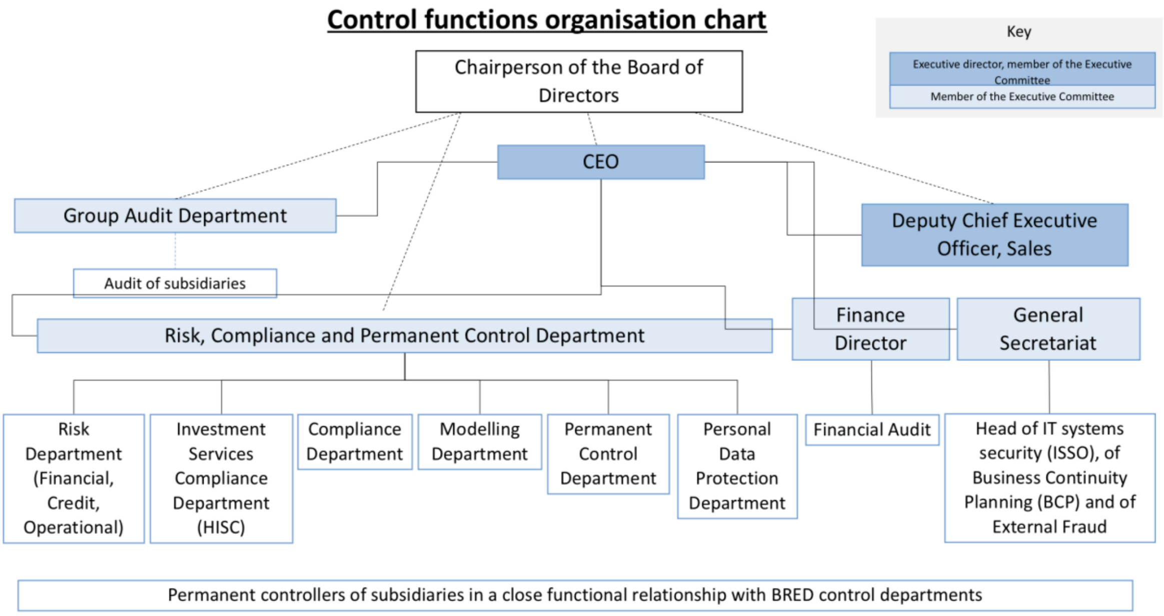
The Head of Permanent Control is responsible for permanent control within the meaning of Article 16 of the Decree of 3 November 2014, as amended.

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.

Organization of the BRED Group's internal control system at 31 December 2022



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 by Bred Group Audit and, where appropriate, by the local audit department, in close collaboration with Bred Group Audit;
- permanent control within the subsidiary, which works closely with BRED's second-level permanent control as part of the BRED Group's consolidated risk monitoring.

Adequacy of controls to types of risks and auditability of controls

Assessing the adequacy of controls to risk levels involves:

- systems, methods and tools for measuring and monitoring risks;
- appropriate and sufficient human resources, in terms of quantity and quality.

Auditability assumes:

- the existence of clear organizational charts, job descriptions and assignment of power;
- the existence of complete and precise operational procedures, covering all activities, detailing responsibilities and types of control, and easily available;
- the definition of reporting lines, whistleblowing mechanisms and accountability.

Proportionality of control systems

The internal control systems are implemented with regard to the intensity, frequency and nature of the risks associated with the company's businesses.

Application of the principle of subsidiarity

Internal control systems are implemented in accordance with the principle of subsidiarity, which leads the risk management and compliance function staff, to rely on:

- the implementation of a permanent control system in the Group's establishments and the analysis of the results of these controls at local and consolidated level;
- the follow-up of the results of the first level permanent controls by the second level monitoring staff, both carried out independently of each other;
- the permanent control monitoring staff sharing the results of their controls.

Subsidiarity means the possibility of distributing work among the different actors within a given sector (local, consolidated or central 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.

In this respect, General Management ensures that the internal control system is defined and implemented in accordance with BPCE's requirements and the applicable standards. It regularly monitors the proper functioning of the system and ensures the quantitative and qualitative adequacy of the staff and tools assigned to permanent and periodic controls with regard to:

- the nature, volume and scope of the activities followed;
- the size of the company;
- the locations;
- the method implemented for processing operations (particularly in the case of outsourced activities);
- the various natures of risks to which it is exposed and their evolution;
- 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 European Banking Authority's (EBA) guidance on internal governance, the Board of Directors must, among other things:

- Periodically assess the effectiveness of the institution's internal governance framework and take appropriate action to address any weaknesses identified;
- Oversee and monitor the consistent implementation of the strategic objectives of the institution's organizational structure and risk strategy, including its risk appetite and risk management framework;
- monitor that the institution's risk culture is implemented consistently;
- Oversee the implementation and maintenance of a code of conduct to identify, manage and mitigate actual and potential conflicts of interest;
- Oversee the integrity of financial information and 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 assess the quality of internal control, in particular the consistency of the systems for measuring, monitoring and controlling risks on a consolidated basis, and propose additional measures in this respect as necessary.

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 L511-98 et seq. of the CMF, the Appointments Committee is responsible for implementing the selection process for qualified candidates for the position of director, for conducting the evaluation of the Board and, more generally, for assisting the Board of Directors in matters relating to corporate governance.

Operational staff (first level)

All of the Bank's operational departments are responsible for the first level of control, which constitutes the essential foundation of the control system.
As part of their self-monitoring, each employee participates in the Bank's first-level permanent control system, based on controls integrated into operating procedures and automated controls in the processing of transactions. First-level controls are performed by line managers to ensure 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 control of any operational, credit, market, interest rate, custodian, liquidity, settlement and delivery, IT and real estate projects, investment and financial placement risks of the activities under their responsibility, in particular by appropriately handling new activities, new products or changes in the conditions under which activities are carried out, as well as the risk limits defined by the Bank, including under their leadership;
- first-level control - a first-level control plan has been drawn up for this purpose - and the reporting of shortcomings through their hierarchy, as well as after the control functions that may be involved;
- responses to requests for information from the Permanent and Periodic Controls departments, in particular when these requests are made by the prudential control authorities or the financial markets;
- the establishment of corrective action plans that may be necessary (whether as a result of their own findings or those of the permanent control or periodic control) and their implementation within a reasonable timeframe.

Independent permanent control functions (second level)

The main responsibilities of the functions in charge of risk, compliance and permanent controls are:

- to contribute to good governance in the area of risk management, in particular by helping to draw up risk appetite policies and procedures, and by ensuring that the Board of Directors, senior executives, supervisory authorities and all employees are properly informed. This is a preventive mission;
- to ensure risk assessment (using tools and indicators);
- to ensure the proper functioning of risk management systems through:
    - Continuous risk monitoring (analysis, monitoring of indicators and limits);
    - permanent controls.

Within the Risk, Compliance and Permanent Control Department, the second level permanent control stakeholders are:

- The Risk Management Department, in charge of monitoring and controlling credit risks, financial risks (including market risks), model risks and operational risks;
- the Permanent Controls Department, responsible for organizing and monitoring the second-level permanent control system, with the support of decentralized permanent control staff in the commercial network and at subsidiaries;
- the Compliance Department, which is primarily responsible for controlling the risk of legal, administrative or disciplinary sanctions, significant financial losses or damage to reputation arising from breaches of the laws or regulations applicable to banking and financial activities, of professional and ethical standards, or of the instructions of the executive body; this department also handles internal fraud;
- the Investment Services Compliance Department, which ensures that the AMF's General Regulation and the Monetary and Financial Code are properly applied;
- the Data Protection Department, which ensures, among other things, the implementation of measures to reduce risks relating to the use of personal data and the proper application of the General Data Protection Regulation (GDPR).

Reporting directly to the Finance Department, the Financial Audit Department coordinates and promotes the production of reliable, high-quality accounting and financial information for the Group's financial functions and via the internal control system. It reports functionally to the Risk, Compliance and Permanent Controls Department.

Within the General Secretariat, the Information Systems Security, Business Continuity and External Fraud Department is responsible for the security of the BRED Group's information system and business continuity plans. It ensures that the regulatory framework is implemented and provides second-level control of IS and BCP activities. It reports functionally to the Risk, Compliance and Permanent Controls Department. This department is also responsible for handling external fraud.

The Safety of Persons and Property function also reports to the General Secretariat. It determines the rules relating to the safety and security of people and property and ensures or supervises (as appropriate) their 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 subsidiary's General Manager) are subject to the strong functional authority link established with the BRED second-level permanent control departments involved.

These units and staff are responsible for preventing and controlling risk, essentially by ensuring that relevant first-level controls are carried out within the operational departments and subsidiaries. After completion of the controls, they indicate any corrective actions required to the relevant management bodies, insofar as the latter have not already defined appropriate action plans. The recommendations of the second-level permanent control, like those issued by the periodic control, must be implemented within a reasonable timeframe. Within this framework, they are responsible for updating the general risk management system and applying the internal control charter. Regular reports are made to General Management, the Board's Risk Committee and the Board of Directors on the status of the permanent control system and the BRED Group's risk management system.

When necessarye, the Head of Risk, Compliance and Permanent Controls, the Head of Risk Management, the Head of Compliance and the Head of Compliance for Investment Services may request access to the Board of Directors or its special committees, and in particular the Board Risk Committee, without having to obtain authorization from General Management and/or the Executive Officers. It should be noted that the Head of Risk, Compliance and Permanent Controls is invited to attend all the Board Risk Committees of the BRED Group's subsidiaries.

Periodic control (called third level)

Periodic control is carried out by the Group Audit, which covers all the BRED Group's activities, including those that are outsourced. This also includes subsidiaries.

Group Audit carries out assignments included in the annual audit plan, which is submitted in advance to the Group Auditof BPCE and validated by the General Management and the Risk Committee of the BRED Board. This plan 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 fouryear 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

	In FTE's present on 12/31/2022 (Excluding long-term leave, maternity leave, unpaid leave)				Total as of 31/12/2021	Evolution
	Parent company	Subsidiaries	Total	Total ratio of resources/total staff		
Group Audit	28	12*	40	0.66%*	35.5	12.7%
Risks	73.1	37.8	110.9	1.83%	109.9	1.0%
Data protection	4,3	1.9	6.2	0.03%	6.6	-5.8%
Compliance	52.7	38.5	91.1	1.50%	87.1	4.6%
External fraud	16.6	1.5	18.1	0.30%	15.8	14.3%
CISO	2.8	6.1	8.9	0.15%	8.3	7.2%
PUPA	1.9	2.2	4.2	0.07%	3.7	12.3%
Financial Audit	6.5	8.9	15.4	0.25%	16.3	-5.6%
Total	185.9	108.9	294.8	4.86%	283.2	4.1%
Total Workforce (registered)	**4,160**	**1,909**	**6,069**		**5,818**	**4.3%**

**FTEs now include local staff*

Coordination of internal control

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 mainly ensures the consistency, relevance and effectiveness of the BRED Group's control system, the proper coordination between the control functions in their respective areas and deals with all cross-functional actions aimed at strengthening the consistency and effectiveness of internal control.

The Executive Risk Committee assesses the quality of the risk management and permanent control system, in particular the consistency of the systems for measuring, monitoring and controlling risks on a consolidated basis. Where necessary, it proposes additional measures and, more generally, studies the principle lessons learned from risk monitoring.

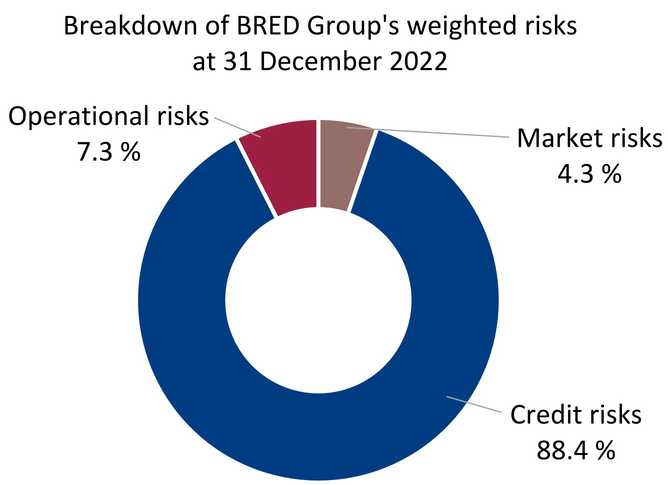
Main risks of the year 2022

The BRED Group determines its risk appetite based on:
- its values and business model, as described in the activity report;
- its risk management system and its capacity to absorb losses;
- the resulting risk profile.

Risk appetite defines the level of risk accepted by the Board of Directors, in a given context, in order to generate recurring and resilient results by offering the best service to its clients and by preserving the Bank's solvency, liquidity and reputation.

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).



Exposures and risk management mechanisms are described in the following sections.

BRED does not engage in any activities:

- 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).

In addition, activities with high risk profiles and potentially high but uncertain returns 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.

Outlook related to events in the banking sector in early 2023

As Groupe BPCE does not have any Additional Tier 1 (AT1) instruments issued by a Group entity, it is not directly affected by the volatility affecting the financial instruments of certain banking groups following the decisions of the Swiss authorities leading to the absorption of Credit Suisse's losses through a full write-down of AT1 instruments. Moreover, Groupe BPCE does not hold any significant direct exposure in the form of AT1 instruments or in any other form related to the crisis experienced by the above-mentioned Swiss bank.

Furthermore, Groupe BPCE has no significant direct exposure to US regional banks that have recently been placed under US government supervision.

Risk and compliance culture

BRED's Board of Directors and senior management promote a risk and compliance culture at all levels of the organization. The Risk, Compliance and Permanent Controls department coordinates the dissemination of the risk and compliance culture to all employees, in coordination with all other control departments and/or functions.

In general, BRED's Risk, Compliance and Permanent Controls Department:

- participates in meetings of the risk management and compliance functions, which provide an opportunity to discuss risk issues, present the work carried out by the various functions, provide training and share best practices between Groupe BPCE establishments. 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;
- contributes, *via* its senior managers and its Head of Risk, Compliance and Permanent Controls, to the decisions taken in the committees dedicated to the risk management function at the 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;
- carries out an inventory of the institution's own models as part of the Groupe BPCE's model risk management system;
- leads the annual review of risk appetite indicators as part of the system set up by Groupe BPCE;
- measures the level of risk and compliance culture, based on a self-assessment using a 139-question questionnaire on risk and compliance culture, based on the 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.

Macro risk mapping

The BRED Group's macro-risk mapping complies with regulations, in particular the Decree of 3 November 2014, amended on 25 February 2021, dedicated to internal control, which indicates in Articles 100, 101 and 102 (repeating provisions contained in CRBF 97-02) the need to have a "single risk mapping that identifies and assesses the risks incurred with regard to internal and external factors" as well as the EBA's "guidance on internal governance" published on 1 July 2018. BRED group meets this obligation through the "macro-risk mapping" system developed by BPCE Group.

The purpose of this macro-mapping is to:

- secure the activities of the establishments,
- strengthen their financial profitability and their development over the long term.

This risk-based approach via a rating of the risk management system allows the implementation and monitoring of targeted action plans.

This risk-based approach is used to update the risk appetite and the permanent and periodic control plans of the institutions each year.

The integration of the risk macro-map into the Priscop permanent control management tool allows for the automation of risk-control links in the risk management system.

Action plans targeted at priority risks are put in place with the aim of reducing and/or controlling risks.

1 - CREDIT RISKS AND COUNTERPARTY RISKS

Credit risk is the risk incurred in the event of default by a debtor or counterparty, or by several debtors or counterparties considered as a single group of related customers in accordance with regulations; this risk may also result in the loss of value of securities issued by the defaulting counterparty.

Counterparty risk is defined as the risk that the counterparty to a transaction will default before the final settlement of all cash flows related to the transaction.

1.1 - Credit risk management principles

"Data presented in accordance with IFRS 7"

1.1.1 - Organization of credit risk management

The management of credit risks at BRED is based in particular on the strict independence of the Commitments Department from the commercial departments. The Commitments Department is involved in the decision making and monitoring of commitments. It has employees in the regional operating divisions who promote best practices aimed at ensuring satisfactory risk control.

The Commitments Department proposes BRED's credit policy, which is validated by its senior management and approved by its Board of Directors. The Commitments Department validates the subsidiaries' credit policies prior to their approval by their respective supervisory bodies. It ensures that these policies are properly disseminated and implemented within BRED Group.

The Credit Risk Department (CRD) reports to the Risk, Compliance and Permanent Controls Department, which in turn reports directly to General Management. The CRD, which is fully independent from the commercial divisions and the Commitments Department, is also responsible for second-level permanent control of credit risks. It validates credit policies prior to their approval by the supervisory bodies as part of the bank's risk appetite framework.

The main elements of the credit risk management system are:

- a system of *intuitu personae* delegation of authority, taking into account risk levels as well as the skills and experience of the teams, which is reviewed annually by the Commitments Department and the CRD;
- 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;
- enhanced detection and prevention of risks to individual, professional and corporate clients, thanks to the provision of monitoring tools to the network and its management;
- Periodic monitoring of the quality and risks of the various portfolios via dashboards and *ad-hoc* studies;
- Permanent control by the Commitments Department, *via* delegates in each regional department.

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 the 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 the definition of the necessary provisioning levels if necessary;
- implements the second-level permanent control system dedicated to credit risks *via* the Priscop group tool;
- contributes to the work of Groupe BPCE.

Training sessions are regularly organized by the Commitments Department and the CRD. General training on the internal credit risk management and control system is provided to new arrivals and network employees. The commitment delegates also take part in local training programs within the regional departments. In particular, the CRD is involved in training on Basel 2 internal rating, segmentation and grading.

Decision-making is organized around two main principles:

- prior authorization for all credit transactions;
- delegation of the analysis and approval of files to the most appropriate 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.
These decisions are made in compliance with unit division standards, the amounts of which are set according to the size and quality of the clientele as expressed by the internal rating. Only the Credit Committee can decide on authorizations that go beyond the unit split standards, either temporarily or permanently.

Collection from customers is organised two departments: an out-of-court collection department, which acts as a first level of recovery, and a litigation department, which acts through the courts and monitors cases in group proceedings. The collection of the largest commitments from corporate and professional clients is handled by the Special Affairs Department within the Commitments Department.

The Commitments Department is responsible for setting up and monitoring changes in provisions for bad debts and disputed debts. This monitoring is carried out on a monthly basis by the Provisioning Committee, which includes the CRD.

Loan pricing principles are defined by the Asset and Liability Pricing Committee (COTAP), which is prepared and chaired by the Finance Department and includes representatives of the Risk Management Department, the Markets and Marketing Department and the network departments. COTAP's decisions are based on market data (rates charged by competitors, market share), profitability analyses produced by the Finance Department, and information provided by the Risk Management Department on the expected cost of risk. Operators may request pricing exceptions in accordance with the delegated architecture defined by COTAP, which is managed by the network divisions and, for the most significant exceptions, by the Finance Department.

1.1.2 - Rating policy

Credit and counterparty risk measurement is based on rating systems adapted to each type of customer or transaction, whose performance is monitored by the Group Risk Management Department through model validation and the implementation since 2020 of a Group system dedicated to model risk management.

Rating is a fundamental element of risk assessment.

As part of its permanent control, the Group Risk Management Department has implemented a central monitoring system to check the quality of data and the appropriate application of Group standards in terms of segmentations, ratings, guarantees, defaults and losses.

1.2 - Monitoring and surveillance of credit and counterparty risks

The risk management function is independent of the operational departments - in particular, it does not have the authority to grant loans and does not analyze commitment requests.

It applies the credit risk guidelines updated and distributed regularly by BPCE's Risk Management Department. This credit risk framework brings together the standards and best practices to be applied in each of the BPCE Group's establishments, as well as the management and reporting standards set by the Supervisory Board or the BPCE Management Board on the recommendation of the Group Risk and Compliance Committee. These guidelines are a working tool for all those involved in the risk management function within Groupe BPCE. It forms part of the permanent control system of the Group's institutions.

The BRED Group Risk Department has a strong functional link with the BPCE 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 centralizes the monitoring of controls of the risk management function.

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 the system

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 reclassifications that may be necessary within the internal categories for assessing the level of credit risk, as well as allocations to the accounting headings for doubtful loans and the appropriate levels of provisioning.

Watchlisting (WL) within Groupe BPCE, whether at the local WL or Group WL level, 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 provisioning is calculated by taking into account the present value of the guarantees in a cautious approach. Any exposure in default that is not provisioned must be the subject of an enhanced justification to explain the lack of provisioning.

Provisioning and impairment method 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 for Groupe BPCE's corporate customers has been implemented. It describes the basis for calculating impairment of receivables and the methodology for determining individual impairment based on expert opinion. It also defines the concepts (measurement of credit risk, accounting principles for impairment of trade receivables under IFRS and French GAAP) and the data that must be included in a doubtful or disputed file, as well as the essential elements to be presented in a provisioning sheet.

A *corporate* provisioning policy for Groupe BPCE exposures of less than €15 million was defined. In the section dedicated to the methodology for determining individual impairment by expert opinion, it defines “going concern”, “gone concern” and “combined” impairment approaches.

Groupe BPCE applies the principle of contagion: the application of this principle is carried out in particular in the context of identifying groups of customer counterparties, through clustering links within those groups.

A methodology for *haircuts* on the value of guarantees, in order to take into account the inevitable contingencies, was defined and implemented.

Forbearance, performing and non performing exposures

The existence of a *forbearance* results from the combination of a concession and of financial difficulties, and can concern *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 a guide for the expert assessment of *forbearance* situations, particularly with regard to the short, medium and long-term financing of *non-retail* counterparties.

1.2.2 - Credit risk stress tests

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 performed:

- The EBA *stress test*, produced every two years, aims to test the resilience of credit institutions to simulated shocks and to compare them with each other (the 2020 EBA *stress test* has exceptionally been 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 carried out on external (supervisor) or internal request.

1.2.3 - Techniques for reducing credit risk

Credit risk reduction techniques are commonly used within BRED Group and differ depending on whether the collateral taken is a security interest or a personal guarantee.

A distinction is made between guarantees that actually have an effect on recovery in the event of difficulties and those that are otherwise recognized by the supervisor in the weighting of exposures that allow for a reduction in capital consumption.

Guarantees are an important factor in reducing credit risk. BRED traditionally uses real guarantees (mortgages, pledges of assets, etc.) and personal guarantees (mutual guarantee companies, BRED Habitat guarantees, CASDEN guarantees, risk sharing, etc.). BRED has set up a system to monitor the taking of guarantees, their validity, recording and valuation. The inclusion of guarantees in the calculation of weighted assets (credit risk reduction techniques) reduces the capital requirement associated with guaranteed commitments.

In the context of the Covid crisis, the French government allowed the use of its guaranteewithin the scope of the governmentbacked loans granted. BRED Group used this opportunity to reduce credit risk.

Definition of collateral

Collateral is a guarantee on one or more movable or immovable assets, the value of which has been reliably assessed, 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 amounts or assets.

A personal guarantee is a guarantee that has the effect of reducing the credit risk on an exposure, taking into account the commitment of a third party to pay an amount in the event of default by the counterparty or other specific events.

Methods of recognition 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 fulfilled to recognize guarantees

Articles 207-210 of the *Capital Requirements Regulation (*CRR) No. 575/2013 specify the conditions necessary for the consideration of collateral, including:

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. It is reflected in the individual or thematic limit systems and makes it possible to reduce the sensitivity of institutions to risks that are deemed too significant to bear in the event of major incidents.

In 2022, the inclusion of collateral received in respect of guarantees and collateral obtained by the institution as part of its lending activity, and the inclusion of purchases of protection, reduced the institution's exposure to credit risk and, consequently, the capital requirement.

EU CQ7: collateral obtained through possession and enforcement as of 12/31/2022

	12/31/22	
	Collateral obtained by taking possession	
In EUR million	Value at initial recognition	Cumulative negative changes
Tangible capital assets (PP&E)	- 0	0
Other than PP&E	- 0	0
Residential real estate	- 0	0
Commercial real estate	- 0	0
Movable property (automobiles, ships, etc.)	- 0	0
Shares and debt securities	- 0	0
Other collateral	- 0	0
Total	**- 0**	**0**

EU CR3: credit risk reduction techniques

	12/31/22				
	Unsecured book value	Guaranteed book value			
In EUR million			of which secured by collateral	of which guaranteed by financial guarantees	of which secured by credit derivatives
Loans and advances	58,468	25,298	15,325	9,973	- 0
Debt securities	15,811	59	- 0	59	
Total	**74,279**	**25,357**	**15,325**	**10,032**	**- 0**
Of which non-performing exposures	183	710	331	379	- 0
Of which in default	187	710			

1.3 - Work completed in 2022

The fiscal year of 2022 was defined by the outbreak of war in Ukraine, which resulted in increased energy expenses and high inflation rates. As a result, the central bank had to raise its interest rates. The monitoring system that was put in place during the COVID-19 crisis was adjusted to consider the new geopolitical and economic circumstances. Moreover, the implementation and control of the primary standards, regulations, and policies within the organization were upheld to ensure consistent execution within the Group, incluting:

- enhanced operational integration among business lines and the use of the synthetic risk indicator. Essentially, this indicator comprises a set of metrics that capture potential issues faced by our clients. It helps us prioritize clients for review to determine their risk level. This indicator primarily caters to professionals and small to medium-sized enterprises (SMEs);

- reinforced adoption of forbearance qualification standards and a priori implementation of forbearance detection, which was partially completed by the end of 2022;

- updated "sensitive sectors" (which are subject to increased vigilance), using a two-pronged approach combining analysis of the loss experience of BRED's portfolios and the sector monitoring approach developed by BPCE;

- support provided to our subsidiaries in adopting and implementing BRED's applied standards and regulations (such as forbearance, New Definition of Default, Leverage Finance, etc.).

-Design and deployment of IT tools dedicated to the operational application and control of new risk standards.

In 2022, the Risk Department was particularly diligent in ensuring that all functions of BRED (especially commercial) fully comprehended the challenges of risk management and applied the associated methodologies. The Risk Department was heavily involved in their training and support.

1.4 - Credit risk exposure statistics

1.4.1 - Breakdown of gross exposures by category (credit risks including counterparty risks)

In millions of euros	12/31/22				12/31/21
	Standard	IRB	SEC ERBA	Total	Total
National governments	712.10	45,802.00	-	46,514.10	13,669.10
Regional or local governments	188.30	-	-	188.30	191.50
Public sector entities	1,042.80	-	-	1,042.80	517.50
Institutions	7,478.70	2,752.70	-	10,231.40	13,424.50
Non-Financial	6,267.60	15,981.00	-	22,248.60	18,835.30
Retail customers	589.30	24,217.40	-	24,806.70	21,794.50
MBS exposures	2,567.70	-	-	2,567.70	1,735.90
Expositions présentant un risque élevé	69.60	-	-	69.60	232.60
High-risk exposures	331.50	-	-	331.50	334.10
Investments made in the form of units or shares of undertakings for collective investment (UCIs	322.70	-	-	322.70	305.80
Shares	-	1,638.10	-	1,638.10	1,902.80
Securitization	-	-	2,574.20	2,574.20	2,087.60
Other assets	-	1,583.20	-	1,583.20	1,762.20
Total	**19,570.30**	**91,974.40**	**2,574.20**	**114,118.90**	**76,793.40**

Credit risk - Exposures and RWA

In millions of euros	12/31/22		12/31/21		Change	
	Gross exposure	RWA	Gross exposure	RWA	Gross exposure	RWA
National governments	46,514.10	654.30	13,669.10	542.10	32,845.00	112.20
Regional or local governments	188.30	16.60	191.50	18.30	-3.20	-1.70
Public sector entities	1,042.80	147.60	517.50	148.90	525.30	-1.30
Institutions	10,231.40	1,174.50	13,424.50	1,125.40	-3,193.10	49.10
Non-Financial	22,248.60	14,433.30	18,835.30	11,773.70	3,413.30	2,659.60
Retail customers	24,806.70	3,629.00	21,794.50	3,187.00	3,012.20	442.00
MBS exposures	2,567.70	931.80	1,735.90	639.20	831.80	292.60
High-risk exposures	69.60	103.90	232.60	326.00	-163.00	-222.10
Exposures in default	331.50	179.80	334.10	203.10	-2.60	-23.30
Investments made in the form of units or shares of undertakings for collective investment (UCIs	322.70	733.90	305.80	833.10	16.90	-99.20
Shares	1,638.10	6,599.60	1,902.80	6,193.80	-264.70	405.80
Securitization	2,574.20	335.20	2,087.60	360.10	486.60	-24.90
Other assets	1,583.20	789.50	1,762.20	559.00	-179.00	230.50
Total	**114,118.90**	**29,729.00**	**76,793.40**	**25,909.70**	**37,325.50**	**3,819.30**

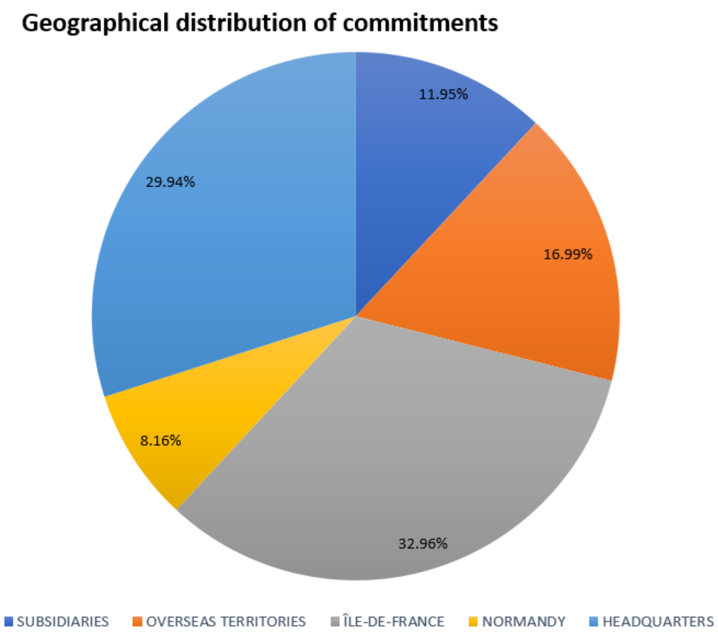
EU CQ1: credit quality of renegotiated exposures

	Gross carrying amount/ Nominal amount of exposures subject to forbearance measures				Cumulative impairment or cumulative negative changes in fair value due to credit risk and provisions
	Performing renegotiations	Renegotiated non-performing			On performing renegotiated exposures
In millions of euros			Of which: in default	Of which: depreciated	
Current accounts with central banks and other demand deposits	**0**	**0**	**0**	**0**	**0**
Loans and advances	**144**	**311**	**311**	**311**	**(4)**
Central banks	*0*	*0*	*0*	*0*	*0*
General governments	*0*	*0*	*0*	*0*	*0*
Credit institutions	*0*	*0*	*0*	*0*	*0*
Other Financial companies	*0*	*0*	*0*	*0*	*0*
Non-financial corporations	*62*	*145*	*145*	*145*	*(2)*
Households	*82*	*166*	*166*	*166*	*(2)*
Debt securities	**0**	**0**	**0**	**0**	**0**
Loan commitments given	**0**	**1**	**1**	**1**	**0**
Total	**144**	**312**	**312**	**312**	**(4)**

EU CR1 Performing and non-performing exposures and corresponding provisions at 12/31/2022

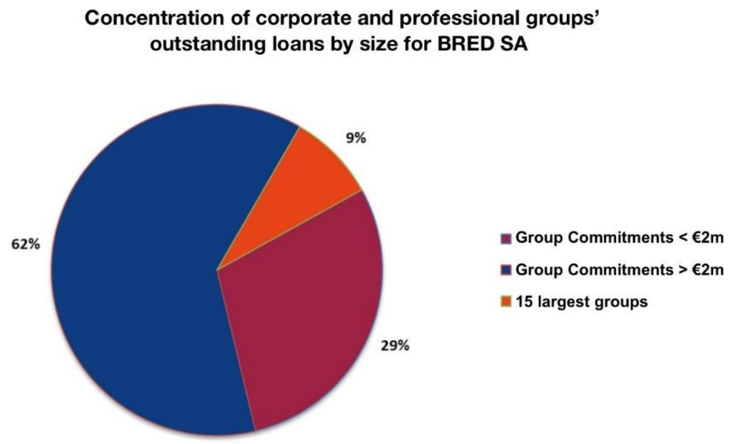
In millions of euros	Gross carrying amount/Carrying amount											
	Performing exposures			Non-performing exposures								
		Not past due or past due 30 days	Past due > 30 days 90 days		Unlikely but not past due or past due 90 days	Past due > 90 days 180 days	Past due > 180 days 1 year	Overdue > 1 year 2 years	Overdue > 2 years 5 years	Outstanding > 5 years 7 years	Outstanding > 7 years	Of which in default
Current accounts with central banks and other demand deposits	**34,344**	**34,344**	**-**	**0**	**0**	**-**	**-**	**-**	**-**	**-**	**-**	**0**
Loans and advances	**48,841**	**48,662**	**179**	**1,626**	**1,417**	**50**	**31**	**53**	29	**10**	**37**	**1,626**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	2,063	2,063	-	1	1	-	-	-	-	-	-	1
Credit institutions	7,271	7,271	-	5	0	-	-	-	5	-	-	5
Other Financial companies	1,375	1,375	-	6	6	-	-	-	-	-	-	6
Non-financial corporations	20,007	19,883	124	1,035	905	25	15	27	18	7	37	1,035
Of which SMEs	8,741	8,639	103	598	497	18	11	26	5	4	37	598
Households	18,125	18,070	55	579	504	25	16	26	6	2	0	579
Debt securities	**15,848**	**15,848**	**-**	**62**	**62**	**-**	**-**	**-**	-	**-**	**-**	**62**
Central banks	54	54	-	-	-	-	-	-	-	-	-	-
General governments	10,996	10,996	-	0	0	-	-	-	-	-	-	-
Credit institutions	573	573	-	-	-	-	-	-	-	-	-	-
Other Financial companies	3,269	3,269	-	2	2	-	-	-	-	-	-	2
Non-financial corporations	956	956	-	60	60	-	-	-	-	-	-	60
Off-balance sheet exposures	**11,803**			**68**								**66**
Central banks	467			-								-
General governments	1,741			-								-
Credit institutions	1,176			-								-
Other Financial companies	502			2								2
Non-financial corporations	6,407			61								59
Households	1,511			5								5
Total	110,837	98,854	179	1,755	1,478	50	31	53	29	10	37	1,753

1.4.2 - Concentration risk



In terms of geographical distribution, jobs have remained stable overall from one year to the next: Greater Paris Region network (33%), Head Office (30%), Overseas Departments network (17%), Subsidiaries (12%), Normandy network (8%).

The top 15 groups account for 9% of commitments.



Top 20 of the institution's 1st commitments :

Counterparty	Gross	Net
1	2,007,962,601	527,436,287
2	1,754,614,891	39,478,611
3	1,266,473,771	236,698,464
4	1,249,737,844	182,922,702
5	1,205,305,188	170,067,481
6	768,216,235	66,782,728
7	677,858,010	127,288,531
8	602,841,189	130,140,674
9	589,362,850	113,812,125
10	456,261,188	46,072,932
11	429,901,171	429,901,171
12	372,794,303	372,794,303
13	327,886,708	17,397,314
14	307,313,001	307,356,179
15	305,999,032	60,088,463
16	297,408,660	44,251,371
17	272,801,692	248,520,243
18	264,859,303	265,284,033
19	202,706,415	202,706,415
20	200,982,534	200,982,534

EU CR1-A Expiry of exposures

		12/31/22					
		Net exposure value					
	In millions of euros	On sight	<= 1 an	> 1 year <= 5 years	> 5 years	No declared maturity	Total
1	Loans and advances	3,210	37,695	2,921	6,240	164	50,230
2	Debt securities	- 0	19,968	1,448	- 6,211	5,508	20,713
3	***Total***	**3,210**	**57,662**	**4,369**	**29**	**5,672**	**70,943**

EU CQ5-A Quality of loans and advances to non-financial corporations by industry

	12/31/22					
	Gross book value				Accumulated impairment	Cumulative negative fair value changes due to credit risk on non-performing exposures
		Of which not performing		Of which loans and advances subject to impairment		
In millions of euros			Of which in default			
Agriculture, forestry and fisheries	94	14	14	94	(5)	- 0
Extractive industries	52	28	28	52	(13)	- 0
Manufacturing industry	1,531	99	99	1,531	(73)	- 0
Production and distribution of electricity, gas, steam and air conditioning	209	20	20	209	(3)	- 0
Water production and distribution	45	1	1	45	(1)	- 0
Construction	808	78	78	808	(42)	- 0
Trade	3,066	163	163	3,066	(103)	- 0
Transportation and Storage	685	47	47	685	(28)	- 0
Accommodation and Food	717	77	77	717	(55)	- 0
Information and communication	317	14	14	317	(7)	- 0
Financial and insurance activities	1,604	46	46	1,604	(32)	- 0
Real estate activities	7,807	221	221	7,807	(203)	- 0
Specialized, scientific and technical activities	1,448	47	47	1,448	(27)	- 0
Administrative and support services activities	797	49	49	797	(31)	- 0
Public administration and defence, compulsory social security	76	0	0	76	(0)	- 0
Teaching	70	4	4	70	(2)	- 0
Human health and social action	274	62	62	274	(16)	- 0
Arts, entertainment and recreation	272	7	7	272	(6)	- 0
Other services	1,169	55	55	1,169	(82)	- 0
Total	**21,041**	**1,035**	**1,035**	**21,041**	**(729)**	**- 0**

1.4.3 - Geographic risk

The geographical exposure of outstanding loans is mainly to the euro zone and more particularly to France (72% at 31 December 2022).

EU CQ4 quality of non-performing exposures by geographic location

	12/31/22						
	Book value/ gross carrying amount				Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Cumulative negative fair value changes due to credit risk on non-performing exposures
		Of which not performing		Of which subject to depreciation			
In millions of euros			Of which in default				
Balance sheet exposures	**66,376**	**1,687**	**1,687**	**65,583**	**(1,085)**		**0**
France	47,459	1,486	1,486	46,959	(918)		0
United States	9,442	2	2	9,418	(3)		0
Italy	73	6	6	73	(6)		0
Luxembourg	982	0	0	902	(0)		0
Spain	301	0	0	301	(1)		0
Other countries	8,120	193	193	7,930	(156)		0
Off-balance sheet exposures	**11,871**	**68**	**66**			**(54)**	
France	8,631	62	60			(43)	
United States	43	- 0	- 0			(0)	
Luxembourg	127	- 0	- 0			(0)	
Spain	31	- 0	- 0			(0)	
Switzerland	236	0	0			(0)	
Other countries	2,804	6	6			(11)	
Total	**78,248**	**1,755**	**1,753**	**65,583**	**(1,085)**	**(54)**	**0**

1.4.4 - Coverage of impaired loans

Coverage of impaired loans

Coverage of doubtful debts		
In thousands of euros	**12/31/22**	**12/31/21**
Gross customer and credit institutions outstanding	51,147,449	48,444,512
Of which S3 outstanding	1,625,541	1,423,469
Rates outstanding doubtful/ gross outstanding	3.2%	2.9%
Total accumulated impairments S3	756,464	732,384
Accumulated impairments/ doubtful debts	46.5%	51.5%

1.4.5 - Performing and non-performing exposures

Quality of performing and non-performing exposures by number of days outstanding at 31 December 2022

In millions of euros	Gross carrying amount/Carrying amount											
	Performing exposures			Non-performing exposures								
		Not past due or past due 30 days	Past due > 30 days 90 days		Unlikely but not past due or past due 90 days	Past due > 90 days 180 days	Past due > 180 days 1 year	Overdue > 1 year 2 years	Overdue > 2 years 5 years	Outstanding > 5 years 7 years	Outstanding > 7 years	Of which in default
Current accounts with central banks and other demand deposits	**34,344**	**34,344**	**-**	**0**	**0**	**-**	**-**	**-**	**-**	**-**	**-**	**0**
Loans and advances	**48,841**	**48,662**	**179**	**1,626**	**1,417**	**50**	**31**	**53**	29	**10**	**37**	**1,626**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	2,063	2,063	-	1	1	-	-	-	-	-	-	1
Credit institutions	7,271	7,271	-	5	0	-	-	-	5	-	-	5
Other Financial companies	1,375	1,375	-	6	6	-	-	-	-	-	-	6
Non-financial corporations	20,007	19,883	124	1,035	905	25	15	27	18	7	37	1,035
Of which SMEs	8,741	8,639	103	598	497	18	11	26	5	4	37	598
Households	18,125	18,070	55	579	504	25	16	26	6	2	0	579
Debt securities	**15,848**	**15,848**	**-**	**62**	**62**	**-**	**-**	**-**	-	**-**	**-**	**62**
Central banks	54	54	-	-	-	-	-	-	-	-	-	-
General governments	10,996	10,996	-	0	0	-	-	-	-	-	-	-
Credit institutions	573	573	-	-	-	-	-	-	-	-	-	-
Other Financial companies	3,269	3,269	-	2	2	-	-	-	-	-	-	2
Non-financial corporations	956	956	-	60	60	-	-	-	-	-	-	60
Off-balance sheet exposures	**11,803**			**68**								**66**
Central banks	467			-								-
General governments	1,741			-								-
Credit institutions	1,176			-								-
Other Financial companies	502			2								2
Non-financial corporations	6,407			61								59
Households	1,511			5								5
Total	**110,837**	**98,854**	**179**	**1,755**	**1,478**	**50**	**31**	**53**	29	**10**	**37**	**1,753**

Performing and non-performing exposures and related provisions at 31 December 2022

EU CR1 Performing and non-performing exposures and related provisions

In millions of euros	Gross carrying value/ Carrying amount						Cumulative impairment or cumulative negative changes in fair value attributable to credit risk and provisions						Partial exits from the accumulated balance sheet	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – Cumulative impairment, cumulative negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Of which step 1	Of which step 2		Of which step 2	Of which step 3		Of which step 1	Of which step 2		Of which step 2	Of which step 3			
Central bank demand accounts and other demand deposits	**34,344**	**34,331**	**13**	**0**	**0**	**0**	**(0)**	**(0)**	**0**	**(0)**	**0**	**0**		**0**	**0**
Loans and advances	**48,841**	**43,252**	**5,457**	**1,626**	**0**	**1,605**	**(288)**	**(89)**	**(199)**	**(756)**	**0**	**(756)**		**24,587**	**710**
Central banks	0	0	0	0	0	0	0	0	0	0	0	0		0	0
General governments	2,063	2,057	6	1	0	1	(0)	(0)	(0)	(1)	0	(1)		47	0
Credit institutions	7,271	7,119	25	5	0	5	(8)	(6)	(2)	(5)	0	(5)		0	0
Other Financial companies	1,375	1,356	19	6	0	6	(2)	(2)	(0)	(6)	0	(6)		28	0
Non-financial corporations	20,007	17,237	2,766	1,035	0	1,014	(207)	(68)	(139)	(522)	0	(521)		8,993	355
Of which SMEs	*8,741*	*6,876*	*1,861*	*598*	*0*	*590*	*(136)*	*(32)*	*(104)*	*(276)*	*0*	*(276)*		*5,948*	*276*
Households	18,125	15,484	2,641	579	0	579	(71)	(13)	(58)	(223)	0	(223)		15,519	356
Debt securities	**15,848**	**15,169**	**13**	**62**	**0**	**58**	**(2)**	**(2)**	**(0)**	**(38)**	**0**	**(34)**		**59**	**0**
Central banks	54	54	0	0	0	0	(0)	(0)	0	0	0	0		0	0
General governments	10,996	10,996	0	0	0	0	(0)	(0)	0	0	0	0		0	0
Credit institutions	573	569	4	0	0	0	(0)	(0)	(0)	0	0	0		57	0
Other Financial companies	3,269	2,753	2	2	0	2	(1)	(1)	(0)	(1)	0	(1)		2	0
Non-financial corporations	956	796	8	60	0	56	(1)	(1)	(0)	(37)	0	(33)		0	0
Off-balance sheet exposures	**11,803**	**8,551**	**563**	**68**	**0**	**64**	**(33)**	**(20)**	**(13)**	**(21)**	**0**	**(20)**		**1,384**	**29**
Central banks	467	0	0	0	0	0	0	0	0	0	0	0		0	0
General governments	1,741	321	37	0	0	0	(0)	(0)	(0)	(0)	0	0		0	0
Credit institutions	1,176	496	8	0	0	0	(6)	(6)	(0)	(0)	0	0		0	0
Other Financial companies	502	470	20	2	0	2	(0)	(0)	(0)	(1)	0	(1)		0	0
Non-financial corporations	6,407	5,868	384	61	0	56	(19)	(11)	(8)	(19)	0	(19)		533	26
Households	1,511	1,395	115	5	0	5	(8)	(2)	(5)	(0)	0	0		851	3
Total	**110,837**	**101,303**	**6,047**	**1,755**	**0**	**1,726**	**(324)**	**(111)**	**(213)**	**(815)**	**0**	**(810)**		**26,031**	**739**

1.5 - Detailed quantitative information

EU CR4 - Standard Approach - Credit Risk Exposure and Mitigation Effects

	12/31/22					
	Exposures before credit equivalent conversion factor and credit risk mitigation		Exposures after conversion factor to credit equivalent and credit risk mitigation		Weighted risks and density	
in millions of euros	Balance sheet	Off-balance sheet	Balance sheet	Off-balance sheet	Weighted risks	Weighted risk density
Central governments or central banks	712	0	712	0	584	82%
Regional or local authorities	187	1	189	1	17	9%
Public sector entities	538	326	538	122	147	22%
Multilateral development banks	0	0	0	0	0	
International organizations	0	0	0	0	0	
Establishments	5,754	105	12,218	183	336	3%
Covered bonds	0	0	0	0	0	
Companies	4,525	1,657	4,231	871	4,886	96%
Retail customers	514	66	514	66	435	75%
Equity exposures	0	0	0	0	0	
Investments in the form of units or shares of collective investment undertakings (UCIs)	323	0	323	0	734	227%
Other exhibitions	0	0	0	0	0	
Exposures to institutions and undertakings subject to short-term credit assessment	0	0	0	0	0	
Exposures secured by a mortgage on real estate	2,378	166	2,377	82	932	38%
High risk exposures	69	0	69	0	104	150%
Exposures in default	126	10	123	7	175	135%
TOTAL	**15,127**	**2,330**	**21,293**	**1,332**	**8,349**	**37%**

EU CR7 - IRB Approach - Effect on risk-weighted assets of credit derivatives used as credit risk mitigation techniques

	12/31/22	
In millions of euros	Weighted exposure amount before credit derivatives	Actual weighted exposure amount
Exposures subject to the Simple IRB approach	9,844	9,815
Central governments and central banks	70	70
Establishments	426	426
Companies	9,349	9,320
of which Enterprises - SMEs	1,839	1,839
of which Companies - Specialized financing	-	-
Advanced IRB exposures	3,194	3,194
Central governments and central banks	-	-
Establishments	-	-
Companies	-	-
of which Enterprises - SMEs	-	-
of which Companies - Specialized financing	-	-
Retail customers	3,194	3,194
of which Retail customers - SMEs - Secured by a real estate security	931	931
of which Retail customers - non-SMEs - Secured by a real estate security	1,077	1,077
of which Retail clients - eligible renewable exposures	85	85
of which Retail - SMEs - Other	613	613
of which Retail - non-SMEs - Other	488	488
TOTAL (including exposures NI simple and advanced approaches)	13,038	13,010

EU CR7-A - IRB Approach - IRB Approach - Information on the extent of use of credit risk mitigation techniques

A-IRB	12/31/22												
	Total exposures	Credit risk mitigation techniques										Credit risk mitigation techniques in RWEA calculation	
		Financed Credit Protection									Unfunded Credit Protection		
		Portion of exposures covered by financial collateral (%)	Portion of exposures covered by other eligible collateral (%)	Portion of exposures covered by real estate collateral (%)	Portion of exposures covered by receivables (%)	Portion of exposures covered by other collateral (%)	Portion of exposures covered by other forms of financed credit protection (%)	Portion of exposures covered by cash deposits (%)	Portion of exposures covered by life insurance policies (%)	Portion of exposures covered by instruments held by a third party (%)	Portion of exposures covered by guarantees (%)	Portion of exposures covered by credit derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (reduction and substitution effects)
Central governments and central banks	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		-
Establishments	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		-
Companies	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		-
of which Companies - SMEs	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		-
of which Companies - Specialized financing	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		-
Of which Companies - Other	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		-
Retail customers	17,312	1.46%	60.18%	57.43%	0.62%	2.14%	2.55%	0.00%	0.00%	0.00%	16.27%	0.00%		3,194
Of which Retail - Properties / SMEs	3,006	0.00%	99.22%	97.34%	0.00%	1.88%	0.00%	0.00%	0.00%	0.00%	0.68%	0.00%		931
Of which Retail — Properties / non-SMEs	7,460	0.00%	94.09%	94.06%	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%	5.88%	0.00%		1,077
of which Retail clients - eligible renewable exposures	683	0.20%	0.00%	0.00%	0.00%	0.00%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%		85
of which Retail - other SMEs	2,732	2.89%	6.33%	0.00%	0.63%	5.70%	2.11%	0.00%	0.00%	0.00%	42.25%	0.00%		613
of which Retail clients — other non-SMEs	3,432	5.03%	7.13%	0.00%	2.61%	4.52%	11.15%	0.00%	0.00%	0.00%	35.07%	0.00%		488
Total	**17,312**	**1.46%**	**60.18%**	**57.43%**	**0.62%**	**2.14%**	**2.55%**	**0.00%**	**0.00%**	**0.00%**	**16.27%**	**0.00%**		**3,194**

F-IRB	12/31/22												
	Total exposures	Credit risk mitigation techniques										Credit risk mitigation techniques in RWEA calculation	
		Financed Credit Protection									Unfunded Credit Protection		
		Portion of exposures covered by financial collateral (%)	Portion of exposures covered by other eligible collateral (%)	Portion of exposures covered by real estate collateral (%)	Portion of exposures covered by receivables (%)	Portion of exposures covered by other collateral (%)	Portion of exposures covered by other forms of financed credit protection (%)	Portion of exposures covered by cash deposits (%)	Portion of exposures covered by life insurance policies (%)	Portion of exposures covered by instruments held by a third party (%)	Portion of exposures covered by guarantees (%)	Portion of exposures covered by credit derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (reduction and substitution effects)
Central governments and central banks	46,720	0.00%	0.02%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		70
Establishments	930	0.00%	4.50%	0.97%	0.12%	3.41%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		426
Companies	13,028	0.30%	19.38%	11.87%	3.17%	4.34%	0.00%	0.30%	0.00%	0.00%	0.00%	0.00%		9,320
of which companies - SMEs	2,865	0.74%	38.68%	24.59%	4.27%	9.81%	0.00%	0.74%	0.00%	0.00%	0.00%	0.00%		1,839
of which Companies - Specialized financing	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		-
Of which Companies - Other	10,163	0.18%	13.94%	8.29%	2.85%	2.80%	0.00%	0.18%	0.00%	0.00%	0.00%	0.00%		7,481
Total	**60,679**	**0.06%**	**4.24%**	**2.58%**	**0.68%**	**0.98%**	**0.00%**	**0.06%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**		**9,815**

EU CR8 - Risk-weighted exposure flow statements for credit risk exposures under the IRB approach

	12/31/22	12/31/21
In millions of euros	Weighted exposure amount	Weighted exposure amount
Weighted exposure amount at the end of the previous reporting period	13,299	
Asset size (+/-)	229	
Asset Quality (+/-)	(284)	
Model Updates (+/-)	1	
Methodology and Policies (+/-)	-	
Acquisitions and disposals (+/-)	-	
Exchange rate changes (+/-)	(10)	
Other (+/-)	(224)	
Weighted exposure amount at the end of the reporting period	13,010	

EU CR10 - Specialized financing and equity exposures subject to the simple weighting method

Equity exposures subject to the simple weighting method							
Categories in EUR million		Balance sheet exposure	Off-balance sheet exposure	Risk weighting	Exposure value	Weighted exposure amount	Amount of anticipated losses
Private equity exposures		212	0	190%	212	403	2
Exposure to listed shares		106	0	290%	106	306	1
Other equity exposures		1,320	0	370%	1,320	4,885	32
Total		1,638	-		1,638	5,595	34

2 - RISKS RELATED TO MARKET TRANSACTIONS

Market risks are defined as the risk of loss due to changes in market parameters.

Market risks include four main components:

- interest rate risk: the risk that the holder of a credit or debt security is exposed to a change in interest rates; this risk may be specific to a particular issuer or to a particular category of issuers whose credit rating is downgraded (credit *spread* risk);
- Foreign exchange risk: risk that affects assets and securities denominated in foreign currencies held in the context of market activities, due to variations in the price of these currencies expressed in national currency;
- Price variation risk: price risk on the position held in a given financial asset, in particular a share;
- Risk of variation of other valuation parameters: volatility of underlying values, distributed dividends, liquidity margin, correlation between underlyings, etc.

2.1 - Principles of market risk management

"Data presented in accordance with IFRS 7"

2.1.1 - General organization

BRED's main market risks are linked to the activities of the Trading Desk and the Finance Department.

The organization of Trading Desk activities is based on five internal units defined at the consolidated level of BRED Group:

- Network Solutions, whose purpose is to match the converging financing needs of corporate and institutional clients by structuring transactions, and to offer interest rate, foreign exchange and investment products to the clients of the commercial network;
- Market Solutions - Money intermediation, the purpose of which is to maintain a commercial relationship with market professionals who have a customary interest in the money market;
- Market Solutions - Liquidity Department, whose purpose is to offer liquidity services on BRED signatures (deposits, repos) to market professionals who have regular interests in the money market and the management of the associated liquidity;
- Market Solutions - Investment Solutions, whose purpose is to maintain a commercial relationship with market professionals who have standard investor interests (issuance and distribution of securities, offering of interest rate and equity derivatives);
- Organized markets, whose purpose is market making (quotation on shares and interest rate *futures*).

The control system designed to ensure compliance with the provisions of the Banking Separation Act has been enhanced by the introduction of regular analysis reports and daily warning indicators.

The Finance Department is composed of three internal units:

- Balance Sheet Management, whose activities are described below (in the paragraphs concerning balance sheet risks);
- Treasury, whose activities are described below (in the paragraphs concerning balance sheet risks);
- 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, which reports to the Risk, Compliance and Permanent Controls Department, is responsible for:

- the materialization of risk measures;
- the design and management of risk valuation models;

- the verification of the market parameters selected;
- the daily calculation of compliance with limits;
- the reporting on market risks and performance;
- the development of indicators and monitoring tools;
- the production of the net banking income (NBI) of the Trading Desk and its analysis by risk factor.

The Market Risk Department (DRF):

- ensures the identification and mapping of market risks;
- controls the definition of standards and methods for measuring market risks;
- proposes the market risk management system;
- participates in second-level quality control of risk and outcome data;
- carries out a specific control regarding the respect of the good practices as defined by the Lagarde report;
- monitors the evolution of risk indicators, in particular with regard to the limits defined, and ensures that any overruns are resolved;
- ensures a posteriori control of the proper application of the decisions of the committees which are responsible for market risks;
- regularly informs the executive and supervisory bodies;
- monitors compliance with risk mandates;
- 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 (COGECAM), which reviews new products and possible IT developments within the scope of market activities;
- the Coordination Committee for the fight against fraud;
- the Compliance Committee, which monitors compliance risks and the action plans implemented 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 BO information system allows, for each event (creation, modification, deletion) to find: the date of the action, the identifier of the operation, the author of the creation or modification, the nature of the modification, and the cancellation or re-entry.
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 intended to strengthen the alignment of interests between such employees and the bank with regard to risk management.

2.2 - Market risk measurement and monitoring system

"Data presented in accordance with 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 tool also calculates daily the consumption of allocated limits.

In addition, a counterparty risk monitoring tool, also developed by the Modeling Department, is used to measure credit and counterparty risks, both individually and aggregated by group of counterparties. The monitoring includes the risk of default, but also the risk of loss in market value in the event of a counterparty default. The tool allows daily monitoring of the consumption of allocated credit limits.

Exposure and results monitoring reports are prepared, communicated and presented to senior management and the supervisory body, as well as to BPCE, on a weekly or monthly basis and in a format adapted 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, a reconciliation of positions, automatically performed between the *front-office* (FO) and *back-office* (BO) applications, and a validation of transactions as they occur based on the receipts received;
- various reconciliations carried out monthly in stock, between the FO and BO applications on past flows 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.

The DRM monitors the consumption of limits and ensures 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 monitor FO and BO procedures. In particular, they report on operational and technical risks related to the validation, confirmation and execution processing chain. They report the audit results to the Risk Department, as well as to the Financial Audit and the Investment Services Compliance Departments.

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), which determine the capital requirement, provides a synthetic measure of the global risks and of the kind of risk.

RISK-WEIGHTED ASSETS BASED ON MARKET RISK

BRED Group - in millions of euros	**31/12/2022**	31/12/2021
Interest rate risk	586	723
Foreign exchange risk	582	469
Ownership, commodities and gold risk	84	368
Total	**1,252**	**1,561**

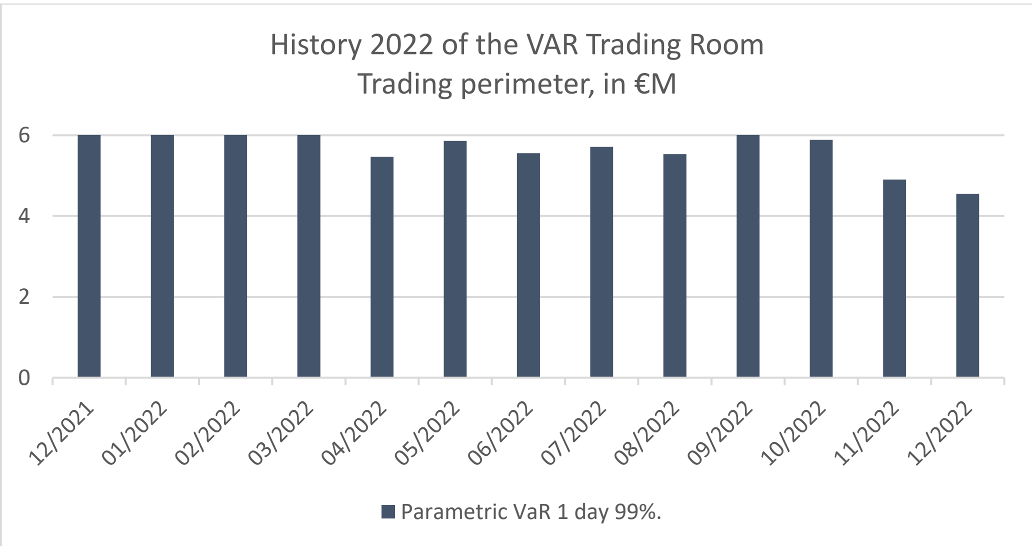
RISK WEIGHTED ASSETS BASED ON MARKET CREDIT RISK EXPOSURE

Trading Desk and CMI - in millions of euros	**31/12/2022**	31/12/2021
Counterparty risk	722	715
Credit risk	2,831	2,724
Total	**3,553**	**3,440**

2.4.2 -Value-at-Risk

"Information provided under IFRS 7"

The BRED VaR in question is a 99% one-day VaR, developed from a parametric variance-covariance model and calculated for the trading portfolio.



The VaR was down year-on-year, standing at €4.6 million at 31 December 2022 (versus €6.3 million at 31 December 2021). This decrease appeared during the last two months of the year and was mainly linked to a recalibration of the shocks on the dividend and equity repo factors, impacting in particular the Trading Desk's equity replacement activity.

2.4.3 - Issuer risk on market activities

" Information provided under IFRS 7"

Issuer risk on market activities

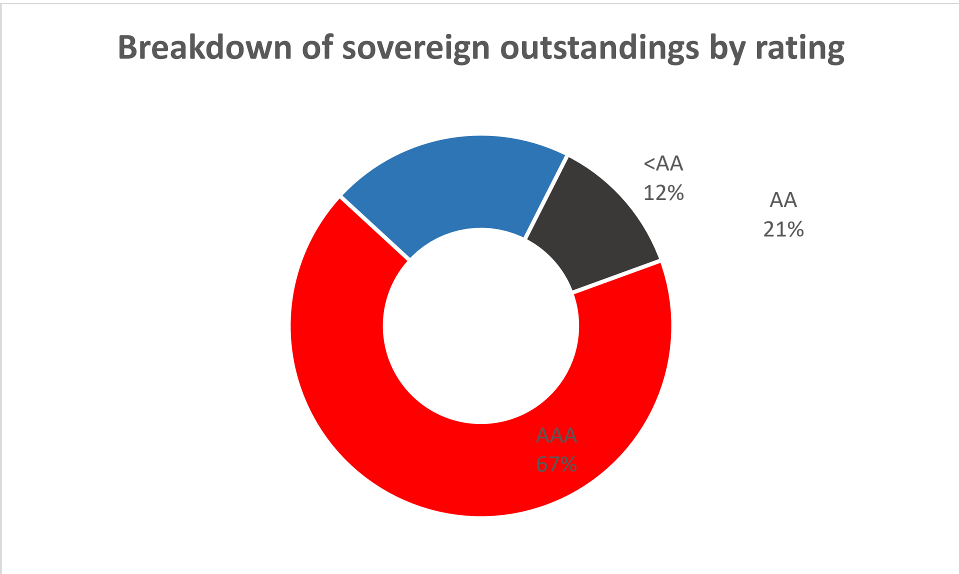
in millions of euros	**31/12/2022**	31/12/2021
Sovereign	**12,143**	*13,788*
Interbank	4,011	*3,191*
Secured bonds	219	*82*
Corporate	**2,136**	*2,013*
Securitization	2,587	*3,021*
- of which Trading Desk	683	*594*
- of which Investment	1,904	*2,427*
TOTAL	**21,096**	**22,095**
Of which off-balance sheet	***2,896***	*2,255*

Total BRED, excluding securitized BRED loans. Off-balance sheet counterparty risk is calculated at replacement value plus an amount known as the "add-on", which is a function of volatility and is intended to cover any subsequent change in this value.

The level of exposure to credit risk rose slightly, particularly on interbank outstandings.

2.4.4 - Rating risk on sovereign debt

As of 31 December 2022, nearly 88% of the sovereign debt portfolio was rated AA or better.



3 - BALANCE SHEET RISKS

"Data presented in accordance with 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 risks have three main components:

- liquidity risk is the risk that the institution will not be able to meet its commitments or close out or offset a position due to market conditions or idiosyncratic factors, within a specified time frame and at a reasonable cost (Decree of 3 November 2014). Liquidity risk is also associated with the inability to convert illiquid assets into liquid assets;
- overall interest rate risk is the risk incurred in the event of changes in interest rates as a result of all on- and off-balance sheet transactions, except, where applicable, transactions subject to market risks (Decree of 3 November 2014);
- structural currency risk is the risk that 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 cash flow risk management

3.1.1 - General organization

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.

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 and inflation risks, as well as transactions carried out to ensure the long-term hedging of the group's results and, in particular, the preservation of the BRED Group's interest margin;
- The management of the group's solvency: any market operation aimed at strengthening the group's solvency, including the issuance of marketable securities eligible for the Bank's regulatory capital;
- The management of structural foreign exchange risk: any transaction that ensures 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 Chief Financial Officer.

3.1.3 - Role of the Treasury Department

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, loans, borrowings), transactions with the ECB and balancing of balances 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.

The Treasury Department has the power to limit or even block day value transactions.

3.1.4 - Role of the Balance Sheet Risk Department (DRB)

The DRB is responsible for the second-level control of financial management activities with regard to balance sheet risks. It ensures that the first-level controls put in place are effective and relevant, and that the processes that generate risk are reliable.

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;
- 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.

In addition, the DRB performs second-level control of market operations carried out under the mandates of the DALM and the DTRE; its missions in this area are detailed above (in the paragraphs relating to Market Operations).

3.1.5 - 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 highscale 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 - Breakdown by subsidiary

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.

3.3 - Permanent control system for balance sheet risks

In order to ensure that risks related to the balance sheet are closely monitored, BRED has implemented first and second level controls. These controls are conducted by the ALM Department at the first level and by the DRF at the second level.

Throughout the production chain of ALM indicators, various checks are carried out to maintain data consistency and prevent loss of information.

Any deviations or rejections are identified, and if necessary, explained or corrected. Changes in indicators must be supported by changes in the balance sheet. The DRF reviews first-level control statements before the production of reports, and any restatements made by ALM Department downstream of the management tool are also reviewed by the DRF.

BRED's Risk Management Department is responsible for monitoring the implementation of methodologies defined at the BPCE Group level, ensuring compliance with decisions taken by BRED committees, and adhering to guidelines issued by General Management. Additionally, the Risk Management Department monitors compliance with ALM limits and authorized products.

3.4 - Balance sheet risk exposure statistics

Liquidity coverage ratio

The *Liquidity Coverage Ratio* (LCR) is a short-term stress ratio. It requires banks to hold a stock of supposedly low-risk and easily tradable assets to offset net cash outflows in the event of a crisis situation over a 30-day period.

At 30 December 2022, BRED had an LCR ratio of 118.32% for BRED social and 119.26% for BRED consolidated, i.e. values well above the regulatory limit of 100%.

Schedule of uses and resources

in thousands of euros	Less than 1 month	From 1 month to 3 months	3 months to 1 year	From 1 year to 5 years	More than 5 years	Undetermined	**Total as of 31/12/2022**
Cash and amounts due from central banks	33,812,294	-	-	-	-	-	**33,812,294**
Financial assets at fair value through profit or loss	-	-	-	-	-	8,210,418	**8,210,418**
Financial assets at fair value through equity	604,526	42,878	1,150,843	9,406,363	1,668,727	1,228,156	**14,101,492**
Hedging derivatives	-	-	-	-	-	758,778	**758,778**
Securities at amortised cost	20,995	18,969	218,631	1,860,783	211,506	-	**2,330,884**
Loans and advances due from credit institutions and equivalent at amortized cost	3,453,374	1,633,700	588,369	3,514,697	20,103	8,120	**9,218,363**
Loans and loans to customers at amortized cost	2,597,287	3,737,410	4,105,051	12,866,442	16,950,743	636,798	**40,893,730**
Revaluation spread of portfolios hedged in interest rates	-	-	-	-	-	- 225	**(225)**
FINANCIAL ASSETS BY MATURITY	**40,488,475**	**5,432,956**	**6,062,894**	**27,648,284**	**18,851,079**	**10,842,045**	**109,325,734**
Central banks	902	-	-	-	-	-	**902**
Financial liabilities at fair value through profit or loss	-	-	-	-	-	3,424,111	**3,424,111**
Hedging derivatives	-	-	-	-	-	655,021	**655,021**
Debts securities	3,463,944	6,099,135	473,070	35,453	0	-	**10,071,602**
Amounts owed to credit institutions and similar institutions	11,586,690	13,399,580	3,896,422	5,018,713	340,568	21,442	**34,263,415**
Amounts due to customers	35,231,251	16,933,462	2,242,043	1,104,515	73,406	385,280	**55,969,958**
Subordinated debt	123	3,119	-	2,765	286	836	**7,129**
Revaluation deviation of portfolios hedged in interest rates	-	-	-	-	-	- 4,017	**(4,017)**
FINANCIAL LIABILITIES BY MATURITY	**50,282,910**	**36,435,296**	**6,611,536**	**6,161,446**	**414,260**	**4,482,673**	**104,388,121**
Financing commitments for credit institutions	34,204	15,500	2,775	81,723	- 0	-	**134,202**
Financing commitments given to customers	42,647	718,784	908,954	2,204,322	2,013,903	172,067	**6,060,678**
TOTAL FINANCING COMMITMENTS GIVEN	**76,851**	**734,284**	**911,729**	**2,286,046**	**2,013,903**	**172,067**	**6,194,880**
Guarantee commitments for credit institutions	0	893,951	39,503	842	0	29,670	**963,967**
Guarantee commitments to customers	44,437	2,507,223	14,238	2,792	1,478	24,493	**2,594,661**
TOTAL GUARANTEE COMMITMENTS GIVEN	**44,437**	**3,401,174**	**53,741**	**3,634**	**1,478**	**54,163**	**3,558,628**

Financial instruments at market value through profit or loss in the trading portfolio, variable income available-for-sale financial assets, doubtful loans, hedging derivatives and revaluation differences on portfolios hedged against interest rates are included in the "Not determined" column.

They are either intended to be sold or redeemed before their contractual maturity date; or intended to be sold or redeemed at an undetermined date (especially when they have no contractual maturity); or evaluated on the balance sheet for an amount affected by revaluation effects.

Accrued interest not yet due is presented in the "less than 1 month" column. The amounts presented are the contractual amounts excluding projected interest. Technical reserves of insurance companies, which are essentially equivalent to demand deposits, are not included in the above table.

ETBxx - Liquidity reserves

in billions of euros	12/31/2022	12/31/2021
Cash placed with central banks	32,810	2,765
LCR Securities	4,051	8,027
Central bank eligible assets		
TOTAL	37,077	11,004

ETBxx - Liquidity Impasses

in billions of euros	01/01/2022 to 12/31/2022	01/01/2021 to 12/31/2021	01/01/2020 to 12/31/2020
Impasses	5,987	3,022	4,433

EU LIQ1 - Liquidity Coverage Ratio (LCR)

	in millions of euros	Unweighted total value (average)				Weighted total value (average)			
EU 1a	Quarter ended (DD Month YYYY)	31 03 2022	30 06 2022	30 09 2022	31 12 2022	31 03 2022	30 06 2022	30 09 2022	31 12 2022
EU 1b	Number of points used for averaging	12	12	12	12	12	12	12	12
HIGH QUALITY LIQUID ASSETS (HQLA)									
1	**Total High Quality Liquid Assets (HQLA)**					17,853	18,476	19,156	21,310
CASH OUTFLOWS									
2	Retail and small business deposits, of which	16,189	16,641	17,176	17,702	1,214	1,247	1,255	1,273
3	Stable deposits	10,171	10,405	11,005	11,634	477	488	518	548
4	Less stable deposits	6,018	6,237	6,171	6,068	737	759	737	725
5	Unsecured deposits from businesses and financial institutions, including	30,230	31,158	32,021	33,755	19,454	19,962	20,083	21,360
6	Operational repositories	3,513	3,494	3,501	3,437	849	842	841	821
7	Non-operational deposits	26,716	27,665	28,520	30,318	18,605	19,120	19,243	20,539
8	Unsecured debt issued	3,667	3,861	4,128	4,463	3,667	3,861	4,128	4,463
9	Corporate and financial institution secure deposits					0	0	0	0
10	Additional exits, including:	2073	2289	2383	2,665	258	264	159	158
11	Derivatives outflows and collateral transactions	1016	1207	1286	1,558	175	178	71	70
12	Debt income outflows	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	1057	1082	1097	1,107	84	86	88	87
14	Other contractual cash outflows	957	1012	1050	1,068	957	1,012	1,050	1,068
15	Other contingent cash outflows	3495	3143	3248	3,348	553	631	683	729
16	**Total cash outflows**					26,102	26,978	27,358	29,052
CASH INFLOWS									
17	Collateralised transactions by securities (*i.e.* reverse repos)	5,137	4,905	4,821	4,517	3,600	3,376	3,344	3,155
18	Cash inflows from loans	4,166	3,914	3,892	4,000	1,370	1,465	1,409	1,452
19	Other cash inflows	5,790	6,292	6,403	6,279	5,667	6,240	6,340	6,216
EU-19a	(Difference between total weighted inflows and total weighted outflows resulting from transactions in third countries subject to transfer restrictions or denominated in non-convertible currencies)					0	0	0	0
EU-19b	(Excess entries from a related specialized credit institution)					0	0	0	0
20	**TOTAL CASH INFLOWS**	15,382	15,390	15,366	15,034	10,926	11,359	11,343	11,061
EU-20a	*Fully capped cash inflows*	289	279	250	238	289	279	250	238
EU-20b	*Cash inflows subject to 90% cap*	0	0	0	0	0	0	0	0
EU-20c	*Cash inflows subject to 75% cap*	15,093	15,111	15,116	14,796	10,637	11,080	11,094	10,823
TOTAL ADJUSTED VALUE									
21	TOTAL HQLA					17,853	18,476	19,156	21,310
22	TOTAL NET CASH OUTFLOWS					15,176	15,619	16,015	17,991
23	SHORT-TERM LIQUIDITY RATIO (%)					122%	123%	124%	121%

EU LIQ2 - Net Stable Funding Ratio (NSFR)

		12/31/22				
		Unweighted value by residual maturity				Weighted value
	in millions of euros	No maturity	< 6 months	6 months to < 1 year	1year	
Elements						
1	Capital items and instruments	0	**0**	**0**	**5745**	**5745**
2	*Equity*	0	0	0	5745	5745
3	*Other capital instruments*		0	0	0	0
4	Retail deposits		**19,232**	**22**	**131**	**18072**
5	*Stable deposits*		12,568	13	80	12032
6	*Less stable deposits*		6,664	9	51	6040
7	Wholesale financing:		**68308**	**1920**	**4768**	**17274**
8	*Operational repositories*		3898	0	0	1949
9	*Other wholesale financing*		64,410	1920	4768	15325
10	Interdependent commitments		111	0	1530	0
11	Other commitments:		1,756	9	22	26
12	*Derivative commitments affecting the NSFR*	0				
13	*All other commitments and equity instruments not included in the above categories.*		1756	9	22	0
14	**Total stable funding available**					**41118**
Elements						
15	Total high-quality liquid assets (HQLA)					**1,714**
EU-15a	Assets encumbered for a residual maturity of one year or more in a hedge basket		0	0	0	0
16	Deposits held with other financial institutions for operational purposes		0	0	0	0
17	Loans and performance securities:		11718	3218	78330	39565
18	*High performing securities financing transactions with financial clients secured by Level 1 high quality liquid assets subject to a 0% haircut.*		3239	817	17	582
19	*High-performing securities financing transactions with financial clients secured by other assets and loans and advances to financial institutions*		5012	149	1870	2446
20	***Performance loans to non-financial companies, performance loans to retail customers and SMEs, and performance loans to sovereign borrowers and public sector entities, including:***		1943	977	53101	17977
21	*With a risk weight of 35% or less under the Basel II standard approach for credit risk*		0	0	0	0
22	***High-performing property mortgages, of which:***		634	521	10531	8189
23	*With a risk weight of 35% or less under the Basel II standard approach for credit risk*		634	521	10531	8189
24	*Other loans and securities that are not in default and are not considered high quality liquid assets, including equities traded on a stock exchange and trade credit products on the balance sheet*		256	234	2279	2183
25	Interdependent assets		111	0	1530	0
26	Other assets:	**0**	422	1	5041	5130
27	*Raw materials physically exchanged*				0	0
28	Assets provided as initial margin in derivative contracts and as contributions to CCP default funds		0	0	0	0
29	*Derivative assets affecting the NSFR*		422			88
30	*Derivative commitments affecting the NSFR before deduction of the margin of variation provided*		0			0
31	*All other assets not in the above categories*		0	1	5041	5042
32	Off-balance sheet items		7199	0	1118	987
33	**Total Stable Funding Requirement**					**39207**
34	**Net Stable Funding Ratio (%)**					**104.88%**

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. This department is responsible for identifying and monitoring operational risks, in particular *through* the collection of incidents and the mapping of operational risks, as well as for coordinating the operational risk control system, in particular by monitoring predictive risk indicators and implementing corrective actions.

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 - Operational risk measurement and monitoring system

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 macroeconomic 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.

At 31 December 2022, the BRED Group's annual net losses and provisions for operational risk amounted to €5.96 million, of which €1.8 million related to operational risk incidents and €4.16 million to "credit boundary" incidents.

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 2022, the collection of incidents and losses, by *means of* inputting them into the dedicated tool, was 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 teams, organises training and information briefings for local correspondents

4.2.3 - Organization of permanent controls

For the 2022 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 2022

1,545 incidents, i.e. 2,889 occurrences, were collected for the BRED Group in the incident collection tool, including 845 incidents (25,015 occurrences) for BRED SA.

In addition, DRO's actions focused on:

- The harmonization of the subsidiaries' risk maps on the basis of a common set of risk situations and, if necessary, the creation of local risk situations to cover the specificities of the subsidiaries;
- the expert assessment of "climatic" risks, in particular by updating the occurrence of climate events over a 10-year period for subsidiaries in the geographical areas concerned;
- The first *risk assessment of* PCI providers (critical or important services) for the subsidiaries;
- The formalization of CPN2.1 controls in connection with the reporting provided by BPCE under the POWER BI tool;
- the implementation, in the context of the exhaustiveness of incidents, of a reconciliation between the claims paid by insurance companies and the incident reports;
- The implementation of a reconciliation between IT committees, service agreements and incident reports as part of the incident completeness process;

- the deployment of the BPCE "Operational Risk" training course to all BRED Group employees;
- the deployment of *key risk indicators* within BRED SA on the IT perimeter;
- the creation of corrective actions in relation to external fraud.

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 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 carried out by the Bancassurance Compliance teams or by the permanent controllers of the Permanent Controls 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 (AMLCFT);
- acting as guarantor for the system in order to comply with embargoes, sanction mechanisms and asset freezing;
- Maintaining the Relationship Entry Committee for politically exposed persons and sensitive activities,
  and other risk factors as defined in the BRED Group's Risk Classification.

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 Department whose role is to analyse requests for investigations and other AML/CFT alerts and suspicious transaction reports;
- the "bancassurance compliance" department, which ensures compliance with French regulations applicable to the parent company and its French subsidiaries. In particular, it ensures that all the necessary measures for customer protection and product governance are implemented. As a centre of expertise, this department supports the subsidiaries' compliance department in all matters relating to its field of activity;
- the "Subsidiary Compliance" department, which ensures that the subsidiaries comply with the framework imposed by the parent company (based on the French regulatory framework) while respecting local regulations. To this end, this department works closely with the parent company to coordinate and monitor compliance issues for all BRED Group subsidiaries. In particular, it is responsible for drafting and monitoring the proper application of the framework notes defining the BRED Group's compliance policy within the subsidiaries;
- the "Internal Fraud" unit, which is responsible for preventing and controlling the risks 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 "LCB-FT governance" unit, which is responsible for classifying LCB-FT risks, implementing framework notes and setting up control systems within the BRED Group. This unit is made up of experts in charge of supporting 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 the BRED Group and for customer assets.

It ensures compliance with the Bank's obligations as an ISP, as defined by European regulations, the Autorité des Marchés Financiers (AMF) in its general regulations and the French Monetary and Financial Code, as well as the specific obligations of custodian account holders 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 its main missions, 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;;
- analyses and reports potential market abuse alerts that are raised through dedicated channels (such as reports from employees and dedicated tools), and are related to possible attempts to manipulate prices or use privileged information;

- 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;
- Conducts regulatory monitoring for various departments of BRED and its subsidiaries, so that changes resulting from regulatory developments are implemented in a timely manner in products, procedures, and commercialization processes.
- Defines the training plan for BRED employees and its subsidiaries on compliance issues related to investment services and ethics, and ensures its implementation.
- Ensures that employees have a level of training that corresponds to the level of expertise expected for their job and tasks (such as the AMF certification).
- Organizes and leads the New Financial Products and Instruments Committee, which analyzes and approves the marketing of new financial products and new commercialization processes related to investment services.
- Informs and advises different business unit managers on product governance and management, as well as commercial employees on the marketing of financial instruments.
- Identifies and evaluates non-compliance risks with operational departments and subsidiaries, particularly through non-compliance risk mapping.

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 The DSCI also provides support and functional guidance to other subsidiaries on matters relating to financial instruments and other issues, particularly in the area of ethics.

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.

BRED Group’s HISC is responsible for customer assets. In this context, the HISC ensures the custody of the customer's assets.
In addition, the RCSI also acts as RCSI of the subsidiary BRED Gestion and of the private equity subsidiary Adaxtra Capital. 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.

Organization 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 marketing materials that fall within the scope of the Compliance function's expertise, are examined upstream by the latter. The compliance function ensures that the applicable regulatory requirements are met, and that the information provided to customers and the general public is clear and fair. Throughout the life of the product, *via* the governance and oversight committee dedicated to each product line, the compliance function provides ongoing monitoring 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 business challenges, ensures that conflicts of interest are managed and that the primacy of customer's interests is taken into account.

The compliance function takes particular care to ensure that sales procedures and processes, as well as commercial policies, guarantee compliance with compliance and ethical rules at all times and for all customer segments, in particular that the advice provided to customers is adapted to their needs.

Financial security

This area covers the fight against money laundering and the financing of terrorism, compliance with international sanctions against persons, entities or countries, the fight against corruption and against internal fraud.

The prevention of these risks within the BPCE Group is based on:

- A corporate culture

This culture, spread at all levels of the hierarchy, is based on:

- principles of customer knowledge and customer relations aimed at preventing risks, which are formalized and regularly communicated to staff;
- a harmonized training system for Group employees, with training every two years, and specific training for the financial security function.

- An organization

In accordance with the BPCE Group's charters, BRED has a unit dedicated to financial security.

Within Group Compliance, a dedicated department leads the sector, defines the financial security policy for the entire Group, draws up and validates the various standards and procedures, and ensures that these risks are taken into account during the approval procedure for BPCE new commercial products and services.

These policies, standards and procedures are then applied by BRED to its internal departments and subsidiaries, taking into account local specificities where appropriate.

- Adapted treatments

In compliance with regulations, BRED has implemented measures to identify unusual transactions based on their risk classification. This allows for quick detection and necessary actions, such as enhanced examinations and declarations, to be taken by Tracfin (Treatment and Action against Clandestine Financial Circuits) or other relevant departments.

BRED's risk classification takes into account factors such as money laundering, terrorism, tax fraud, and corruption, and includes identifying "high-risk" countries. The Group has also enhanced its system by introducing a reference system and automated scenarios specifically tailored to detect terrorist financing.

To comply with international sanctions, BRED has developed filtering tools that generate alerts for customers, including freezing of assets for certain individuals or entities, as well as for international flows. This system is deployed across all subsidiaries of BRED Group.

- Supervision of the activity

The prevention of money laundering and the financing of terrorism activities gives rise to internal reporting to the management and decision-making bodies and to 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.

Fight against 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

Corruption is defined as the act of offering or giving an undue advantage to another person in exchange for an act within the scope of his or her function. Any act involving corruption is considered fraudulent, unethical and subject to severe criminal and administrative penalties.

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 elearnings;
- 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

Regarding compliance issues, the "Subsidiaries Compliance" unit supervises BRED Group's French and international subsidiaries through the implementation of the strong functional link between the DRCCP Director and local compliance managers.

The supervision process is based on the implementation of BRED Group standards, along with the evaluation of existing or upcoming compliance systems. This process includes consistent and thorough monitoring, which is formalized through an annual control and action plan, as well as regular assessment points that are reported to the Compliance Committee.

5.2.2 - Investment Services Compliance Department

The Investment Services Compliance Department contributes to the mapping of non-compliance risks for BRED *via* the BPCE Group's reference framework.

In 2022, the second-level controls of the RCSI framework deployed by BRED were implemented, in particular to take into account the impact of new regulations.
These sheets are linked to the mapping of non-compliance risks in investment services. The reference framework is common to all BRED Group institutions, except for specific controls relating to BRED's own activities.

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 program of activities.

The regulations relating to the markets in financial instruments (MiFID2) and PRIIPS (*packaged retail investment and insurance-based products*) strengthen investor protection and market transparency. They have consequences for 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.

5.3 - Highlights of 2022

5.3.1 - Compliance Department

In 2022, Groupe BPCE's program was focused on developing the updating of Customer Knowledge through remote banking.

Work was also carried out to automate events requiring updating and to prepare actions to update Customer Knowledge files (criteria, customer targeting, communication kits, reporting);

-The banking inclusion system was strengthened with tighter deadlines for implementing the procedure to obtain the right to an account, in accordance with new provisions in the 11 March 2022 decree. An IT solution was also developed to automatically trace and archive waiver letters for OCF/SBB, in case the customer wishes to subscribe to another offer.

-New provisions for fairer, simpler, and more transparent access to the loan insurance market (known as the Lemoine Law) were introduced on February 28, 2022. This includes the ability to cancel at any time, stronger customer information, the removal of health questionnaires under certain conditions, and an extension of the right to forget about aggravated health risks.

-The eligibility of LEP was implemented through electronic querying of tax authorities, as provided for in the 12 March 2021 decree on checks for regulated savings products. Processes for checking eligibility were reviewed in the context of LEP subscription and annual control.

-Measures were implemented to control multiple holdings of regulated savings products, as provided for by the 12 March 2021 decree relating to the control of holdings of regulated savings products, which will be effective by 1st January 2024.

-The Sustainable Finance project was launched with the players in the value chain, including issuers, producers, insurers, distributors, and customers. BPCE Group set up a Task Force to develop a customer questionnaire, formalize suitability, offer, and follow-up over time.

-The remediation plan for transaction reporting and regulatory reporting was implemented in 2022.

BRED's Compliance Department continued work to strengthen permanent controls and standardize compliance mechanisms, particularly in the area of financial security.

The pursuit of actions or projects contributed to the improvement of the compliance system, including:

- for LCB-FT:
  - Transposition and update of the AML/CFT framework procedure,
  - Update of the procedural framework,
  - Update of the BRED Group's risk classification,
  - Update of the AML/CFT control system,
  - Review of the rating and control system of the correspondent banking activity,

  A specific mechanism was set up within the Compliance Department at the start of the Russia-Ukraine conflict. Measures taken within the Group are constantly being adapted as the situation evolves.

- For Bancassurance compliance:

  For Bancassurance compliance, Groupe BPCE standards and methods enabled work to continue on the DRC, beneficial owners, and customer protection. The permanent control and standardization system was also subject to a targeted action plan that will continue in 2023. The main objective is to improve the coverage of 2nd level controls and ensure the proper operational implementation of systems linked to customer protection and product governance.

5.3.2 - Investment Services Compliance Department

In March 2022, a new Chief Compliance Officer for Investment Services ("RCSI") was appointed to head the Investment Services Compliance Department (DCSI).

The DCSI establishes standards, policies and procedures and issues opinions, in particular to provide a framework for new activities and new products or services involving financial instruments. The DCSI also provides regulatory oversight of investment services and activities.

As part of its validation, monitoring and product governance mission, the DCSI organized and led the New Financial Instruments Products Committees throughout the year.
The DCSI conducted several remote and face-to-face employee training sessions in conjunction with the Human Resources Department.
The entire body of ISD procedures was reviewed in 2022.

A project was carried out to strengthen the framework for investment advice, with the deployment of a dedicated tool for wealth management clients. At the same time, the investment advice tool was reviewed and improved for retail customers to include money market savings. Bred also deployed a new financial skills and risk questionnaire, the aim of which is to be able to advise clients in the best possible way according to their profiles.

Regarding the reporting of EMIR (*European Market Infrastructure Regulation*), SFTR (*Securities Financing Transactions Reporting*) and RDT (Direct Transaction Reporting) transactions, the DCSI also followed and contributed to the remediation of declarations, transactions and regulatory reporting and the implementation of the EMIR Refit project.

A regulatory project concerning sustainable finance (Taxonomy, SFDR, integration of ESG criteria in MIF2 and DDA) began in conjunction with the BPCE group and BRED group subsidiaries. Working groups will be set up in 2023 in order to build up a formalized approach to matching, offering and monitoring over time.

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 2022, 208 complaints were dealt with effectively within this framework in conjunction with the RCSI.

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 2022, the Department corrected anomalies identified during the implementation of its second-level permanent control system, thereby ensuring that procedures are applied within the business lines and that non-compliance risks are controlled.

A new RCCI was appointed at Adaxtra Capital, the asset 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. The number of alerts generated by the systems decreased in 2022, following work to calibrate detection parameters and to improve the relevance of alerts.

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 - Organization 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 - Organization of the control

In 2022, BRED SA deployed level 1 and level 2 permanent control systems. However, only a few subsidiaries have implemented a level 2 permanent control system. The plan is to deploy level 1 and level 2 permanent control systems for all European subsidiaries by 2023.

At the end of 2022, BRED's register of processing operations contained 137 processing operations, which is 6% more than in 2021. During the year, 50% of the treatments registered in the register were reviewed.

To measure the risks associated with data protection by department, a data protection risk rating method is used, which helps to define appropriate risk control measures. The risk indicators obtained from this process are used to create the BRED risk map.

Furthermore, the Data Protection Department contributes to the mapping of non-compliance risks, in accordance with the Groupe BPCE reference framework.

6.3 - Highlights of 2022

In 2022, the data protection function at BRED underwent significant strengthening with new training cycles for Personal Data Protection Officers (PDPOs) appointed by business units, data protection correspondents of subsidiaries, and IT Department project managers.

With this network of personal data protection referents within the business lines and the IT department's strong involvement in the area of Privacy by Design, BRED is fully committed to respecting the protection of personal data for its customers, employees, and all third parties it interacts with.

The IT program for deleting data in applications continued, and now 94% of BRED applications have been adapted to allow automatic deletion of data at the end of the retention period defined by the business lines.

Privacy Impact Assessments (PIAs) were conducted on all processing operations that presented a significant risk to the individuals concerned.

For European subsidiaries, an RGPD compliance program was deployed with quarterly steering committees. This program has enabled the implementation of most of the applicable requirements, and the work is expected to be completed in 2023.

7 - BUSINESS CONTINUITY

7.1 - Organization 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 (RPCA or RPUPA) from Banques Populaires and Caisses d’Epargne, IT structures, BPCE SA, Natixis and other BPCE subsidiaries.

The RPCAs of the BPCE Group's establishments are functionally attached to the Group RCA and the latter is notified of the RPCAs' appointments.

BRED’s business continuity reference framework was developed and validated by BRED’s Business Continuity Plan Steering Committee on 31 December 2020. The document is reviewed and updated annually by the BCP Committee.

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 the BRED Group meet the continuity needs of fiduciary activities, market activities, securities activities and all activities covered by the regulatory obligations of banking and financial institutions.

BRED's Business Continuity Management System (BCMS) consists of a set of resources enabling the company to deal with any unforeseen event, so as to continue its activity and protect its customers, managers, shareholders, employees, assets and image.

BRED's business continuity is thus based on:

- a strategy, governance, resources, control and feedback systems;
- incorporation of continuity needs expressed by business lines when carrying out the Business Impact Assessment (BIA);
- support function skills;
- identified contacts in each of the bank's departments who serve as relays between the RPCA and divisions;
- regular initiatives to raise employee awareness;
- regular training to improve behaviour and optimise the system.

The various *data centers* ensure a high level of availability and, for certain services, offer an active/active mode of operation. The outsourcing of data to a remote *data center makes it possible to* deal with a major disaster in terms of data conservation.

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 2022

In 2022, the BRED Group reviewed and updated their entire BCP system, specifically by conducting a Business Impact Assessment (BIA) update campaign for the entire group. The continuity response was then customized to meet the needs of the various business lines.

The annual business continuity supervision campaign for essential, critical or important service providers was carried out in compliance with the requirements of the Groupe BPCE.

User fallback tests were conducted for all critical activities identified during two sessions organized at the fallback sites. Technical tests of the disaster recovery plan were also carried out by the Information Systems Department (ISD).

The continuity system of all BRED Group subsidiaries was assessed using the tools provided by the BPCE Group. Action plans were then sent to each subsidiary representative to ensure that continuity is part of a continuous improvement process for the Group.

A crisis simulation exercise was performed with the IT subsidiary in Thailand to evaluate the response of the crisis unit employees.

Additionally, in 2022, there were minor strikes that affected the public transportation network in the Ile de France region. During this time, the continuity plan was temporarily activated, and all business lines were able to continue their activities remotely.

8 - INFORMATION SYSTEM SECURITY

8.1 - Organization and management of information systems security

The Group Security Department (DSG) is responsible for ensuring information systems security and combatting cybercrime within the organization. It is also responsible for developing and implementing the Group's IS policies and ensuring permanent and consolidated control of the ISS, as well as monitoring the technical and regulatory aspects of security. It initiates and coordinates risk reduction projects within its area of responsibility and represent Groupe BPCE in dealings with interbanking bodies and public authorities.

Groupe BPCE established an information systems security unit which is led by the Group Information Systems Security Manager (GISS) and includes the IS managers from all the companies. The management is responsible for defining, implementing, and developing the Group's IS policy (PSSI-G).

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 GSD:

- 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 Group Security Department.

An information systems security unit has bee set up within Groupe BPCE. It brings together the Group Information Systems Security Manager (GISS), who leads this network, and IS managers of all companies.

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 (excluding electronic banking), 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

With the digital transformation, the opening up of the group's information systems to the outside world is continually developing (cloud, big data, etc.). Several of these processes are gradually being dematerialized. Changes in employee and customer habits are also leading to greater use of the Internet and interconnected technological tools (tablets, smartphones, applications running on tablets and mobiles, etc.).

As a result, the Group's assets are increasingly exposed to cyber threats. These attacks target a much wider area than just information systems, as they aim to exploit potential vulnerabilities and weaknesses in customers, employees, business processes, information systems and security systems in premises and data centers.

A unified group Security Operation Center (SOC), including a level 1, operating 24 hours a day, is operational. BRED Group also set up a Security Operation Center (SOC) whose missions are equivalent to those of BPCE.

Several actions have been carried out to strengthen the mechanisms for fighting cybercrime:

- security work on externally hosted websites;
- Enhanced website and application security testing capabilities;
- Implementation of a Responsible Disclosure program for vulnerabilities by the Groupe BPCE CERT.

The Information Systems Security Policy is defined at group level under the responsibility and guidance of the Group CISO. The main objective of the PSSI-G is to control and manage the risks associated with the Information Systems, to preserve and increase the group's performance, to reinforce confidence with its clients and partners and to ensure the compliance of its actions with national and international laws and regulations.

The PSSI-G constitutes a minimum foundation with which each institution must comply. As such, BRED Group approved this policy at the 2019 Control Functions Coordination Committee. This policy has not seen any changes since then (nor at the Groupe BPCE level).

In addition, each BRED Group entity carried out an assessment of its compliance with this security policy during the 2021 and 2022 financial years. The BPCE Group's policy is applied in full by all BRED Group entities (excluding those not concerned).

8.3 - Raising employee awareness of cybersecurity

In addition to maintaining the group's common base for raising employee awareness of ISS, the year was marked by the continuation of phishing awareness campaigns and the renewed participation in "European Cyber Security Month".

Within the scope of BPCE SA, in addition to recurrent reviews of application authorizations and rights on ISS resources (mailing lists, shared mailboxes, shared files, etc.), the monitoring of all websites published on the Internet and the follow-up of vulnerability treatment plans have been strengthened, as well as the monitoring of the risk of data leakage by e-mail or the use of online storage and exchange services.

At BRED level, additional awareness campaigns for employees were carried out in 2022. These include:

- The organization of two phishing test campaigns and awareness campaigns;
- awareness sessions presented in person;
- notification and warning messages in framework of detecting temporary or persistent threats (war in Ukraine for example).

8.4 - Work completed in 2022

A global management system for security reviews and penetration tests was set up to cover 100% of critical IS assets over 4-year cycles. This system now makes it possible to consolidate all the vulnerabilities identified during security reviews and penetration tests, as well as the related remediation plans in DRIVE for centralized monitoring.

In 2022, work continued on the IS mapping of all the Group's information systems.
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.

The BRED Group and its subsidiaries are also particularly vigilant in the fight against cybercrime. In this respect, several significant actions were carried out in 2022, in order to strengthen the measures to combat cybercrime:

- implementation of a three-year action plan on IS security and business continuity for BRED Group, begun in 2020;
- deployment of the new BRED Group *Security Operation Center* (SOC) according to a hybrid model aimed at strengthening the detection of flows and atypical events within information systems (detection of cyber attacks);
- 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;
- Maintaining the security level of online banking devices (web banking and mobile banking) in response to increased phishing fraud;
- Initialization of a Cyber rating strategy (Securityscorecard);
- hardening of the IT security supervision system, with:
  - annual robustness campaigns (intrusion tests) in conjunction with the Information Systems Department, and for all BRED Group entities;
  - a Bug Bounty approach: an operation aiming to have cyber experts search for vulnerabilities in an application (cyber experts are compensated based on what they find);
  - Code reviews: analysis of the source code of a computer application in order to make sure that IT development security rules and best practices have been followed;
- strengthening the control environment, with:
  - classification of very sensitive and sensitive information assets according to Groupe BPCE methodology (DICP and INFOJR);
  - the performance of level 1 and level 2 permanent SSI control campaigns in accordance with Groupe BPCE requirements;
  - the implementation of an annual campaign to supervise the IS security level of essential, critical or important service providers, in accordance with Groupe BPCE requirements.

In addition, specific communications are carried out depending on the occurrence of security events, in addition to the measures presented by the BPCE Group. In the event of a "major" SSI incident, the alert and crisis management process is activated, as defined by the BRED Group's PUPA manager.

9 - EMERGING RISKS

Groupe BPCE places great emphasis on anticipating and managing emerging risks in the face of an ever-changing environment. A prospective analysis that identifies potential risks affecting the Group is conducted every six months and presented to the Risk and Compliance Committee, followed by the Board's Risk Committee.

Since the beginning of 2022, the macroeconomic environment has significantly worsened, resulting in a more pessimistic outlook for the Group's activities and level of risk. The Covid crisis and the repercussions of the crisis in Ukraine have also greatly impacted the Group's operating environment, intensifying the shocks caused by various types of risk affecting our businesses.

The anticipated economic slowdown, combined with high and potentially long-lasting inflation, poses an increased risk of credit portfolio deterioration, particularly for vulnerable client segments (e.g. sectors sensitive to the effects of the war in Ukraine and/or inflation, clients with high levels of debt, etc.). Interest rate and investment risks are also closely monitored as rising interest rates and inflation could have a highly unfavorable impact on the Group's profitability in the short and medium term.

The international geopolitical climate remains an area of vigilance, with ongoing tensions affecting the global economic context and fueling uncertainty. As financial services and the economy become more digitized, cyber risks are also closely monitored, as sophisticated attacks and potential vulnerabilities of banks' IT systems are major challenges for Groupe BPCE, in line with regulatory expectations.

The Group is highly attentive to changes in the regulatory environment and regulatory demands, particularly with regard to new provisioning standards, leveraged loan monitoring and supervision, guidelines on non-performing loans, etc. Climate change is also an integral part of the Group's risk management policy, with operational measures currently being deployed.

Lastly, operational risks are given sustained attention, and crisis management measures are applied when necessary.

10 - CLIMATIC RISKS

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 - Organization 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 categories of common risks, such as credit risk, market risk and operational risk. Groupe BPCE has therefore put in place a robust system for identifying climate change risk factors that could impact the Group's traditional risks, together with precise monitoring.

The climate risk materiality matrix can be applied to all of the Group's entities.

Risk Categories	Physical hazards				Transition risks	
BPCE Group	Time horizon 2024 Strategic Plan		Time horizon Long term > 4 years		Time horizon 2024 Strategic Plan	Time horizon Long term > 4 years
	Acute	Chronicle	Acute	Chronicle		
Credit and counterparty risk: customer default, collateral impairment	Low	Low	Medium	Medium	Medium	Fort
Market and asset valuation risk: changes in the valuation of equities, interest rates, commodities, etc.	Low	Low	Medium	Medium	Low	Medium
Liquidity risk: crisis risk, short-term liquidity risk, refinancing risk, liquidity reserve	Low	Low	Medium	Low	Low	Medium
Insurance risk	Low	Low	Medium	Low	Low	Low
Own investment risk	Low	Low	Medium	Medium	Low	Low
Risk in client portfolios (insurance and asset management)	Low	Low	Medium	Medium	Low	Medium
Business continuity operational risk	Low	Low	Medium	Medium	Low	Medium
Reputation risk	Low	Low	Low	Low	Medium	Fort
Legal, compliance and regulatory risk	Low	Low	Low	Low	Medium	Fort
Strategic, business and ecosystem risk	Low	Low	Medium	Medium	Medium	Fort

"Acute physical hazards" are events of extreme weather that cause direct losses, such as the destruction of physical assets (real estate and/or production) and a decline in local economic activity, potentially disrupting value chains. "Chronic physical risks" are longer-term climate changes (such as rising sea levels, persistent heatwaves, changes in precipitation patterns, and the depletion of certain resources) that can gradually reduce the productivity of a specific sector.

"Transition risk" refers to the economic and financial consequences resulting from the adoption of a low-carbon business model, brought about by regulatory changes, technological advancements, and shifts in consumer expectations and reputation.

Experts have assessed the materiality of these risk categories and supported their findings with mapping work. Transition risk has been identified as significant, including in the short term, due to potential impacts on reputation, legal and regulatory frameworks, and strategic risks related to market changes in response to the climate transition.

BRED's general credit risk policy has incorporated extra-financial analysis criteria into the credit decision process since June 2018.

Key indicators for monitoring BRED's CSR policy include reducing its direct and indirect environmental impact, and measures have been implemented to mitigate these risks in all areas of its business.

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. In addition, training courses are being developed to meet expectations as closely as possible. Groupe BPCE also organizes a monthly newsletter, quarterly conference (morning session), and virtual classes on specific topics to promote the dissemination of a climate risk culture throughout all of BRED's departments.

10.4 - Regulatory Environment

In 2020, Groupe BPCE volunteered to participate in an initial climate risk assessment exercise led by the European Banking Authority (EBA). Groupe BPCE also contributed to the pilot exercise of the Autorité de contrôle prudentiel et de résolution (ACPR) in 2021 aimed at estimating physical and transition risks. Finally, Groupe BPCE participated in 2022 in the first ever climate stress test launched by the European Central Bank (ECB).

The stated objective of this latest exercise was to identify the state of preparedness of the hundred or so banking groups under supervision for the financial and economic shocks that climate risk is likely to cause. This initiative was part of a desire already expressed by national supervisors.

This exercise should be seen as a joint learning exercise with pioneering features, aimed at strengthening the capacity of banks and supervisors to assess climate risk.

For this first learning exercise, the ECB was keen to simplify the application.

The stress test targets specific categories of assets exposed to climate risks and not the entire balance sheet of banks. The exercise is based on three modules:

- The first module deals with the framework and governance of the approach;
- the second aims to collect a number of metrics to assess sectoral sensitivity;
- Finally, a third consists of estimating the impacts of physical and transition risk in the short and long term.

The physical risks considered only involve droughts and floods, which impact credit risk over a one-year time frame. For transition risk, two types of scenarios are being considered. The first, short-term scenario covers a period of three years and assesses the credit and market risk in the event of an unexpected and sudden shock to carbon prices. The second simulation evaluates the climate impact on the balance sheets over a 30-year time frame, based on three different scenarios: an orderly transition, in line with the Paris Agreement goals by 2050; a disorderly transition with no new policies until 2030, followed by a sudden and abrupt transition; and a no-transition scenario leading to significant global warming.

Groupe BPCE's participation in the 2022 climate stress test exercise has demonstrated its ability to measure climate risk under different scenarios. The ECB praised the Group's quality of information and methods used, as it had to integrate new sectoral dimensions and collect new data to perform the stress tests. The results of this exercise enabled the group to identify areas for improvement in data collection and to prioritize actions to identify, mitigate and monitor these risks. However, the results were mixed, depending on the types of risks and scenarios defined by the ECB.

The short-term physical risk scenario was mainly impacted by short-term flooding, due to the Group's housing loan portfolio, and the lack of granularity in certain data did not help to mitigate the results. The short-term transition risk was also increased due to the lack of energy performance data for collateral backing corporate exposures, but this was limited overall because Groupe BPCE's exposure to the most fuel-intensive sectors is lower than its peers. Regarding long-term transition risk, the scenarios posed did not impact Groupe BPCE differently, as it had low exposure to sectors identified as sensitive by the supervisor.

To monitor and steer climate and environmental risks, the group is currently developing dashboards, which were validated in July 2022. A unified and standardized ESG data repository at group level is also under construction, which ensures the homogeneity and consistency of the sources of information used throughout the group.

In August 2022, BRED obtained an A1 Sustainability Rating from Moody's ESG Solutions, which reflects the bank's high-quality ESG performance in mainland France and French overseas departments. This rating demonstrates BRED's advanced capacity and willingness to integrate ESG criteria into its strategy, operations, and risk management. The bank intends to use the results of this assessment to improve its continuous improvement process.

Lastly, in 2022, the bank published its first Green Asset Ratio in its eligible dimension, which will be repeated in 2023 before publishing an alignment report in 2024.

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 risks

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 nonperforming 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 strength and performance of other financial institutions and market participants could have an adverse effect 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 of liquidity in the market and subsequently result in additional losses or defaults.

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 visa-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 risks

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 changes in interest rates could adversely affect net banking income as well as the profitability of Groupe BPCE.

The BPCE Group's net interest margin, which represents a significant portion of its net banking income over a given period, has a significant impact on the profitability of the BPCE Group, including the BRED Group. Therefore, changes in the net interest margin are highly sensitive to factors that may be beyond the control of BPCE Group, such as resource costs and the conditions of return on assets, particularly those related to new production. These changes may have major repercussions, either temporarily or permanently, despite the fact that rising rates should generally be beneficial in the medium to long term.

After a decade of low or even negative interest rates, there has been a sudden and sharp rise in interest rates and strong inflationary pressures, exacerbated by the consequences of the health crisis and the conflict in Ukraine. The exposure to interest rate risk has increased due to a combination of unfavorable factors, such as the rise in inflation (which has a major impact on regulated rates), the quick exit from the negative interest rate policy (which has caused a shift in customer deposits), and the rise in interbank spreads. Meanwhile, new loan production has been constrained by the usury rate and the competitive environment.

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.

Changes in the fair value of Groupe BPCE's securities and derivatives portfolios and its own debt are likely to have a negative impact on the net book value of these assets and liabilities and consequently on Groupe BPCE's net income and equity.

Groupe BPCE's revenues from brokerage and other commission-related activities could decline in the event of a market downturn.

A downward trend in credit ratings could have a negative impact on BPCE's refinancing costs, profitability and continued operations.

A downgrading of these credit ratings could have a negative impact on the refinancing of BPCE, its affiliates that operate in the financial markets, and BRED Group. A downgrade of the ratings could affect the liquidity and competitive position of BPCE Group, increase the cost of borrowing, limit access to the financial markets and trigger obligations in certain bilateral *trading*, derivative and collateralized financing contracts, and consequently have a negative impact on its profitability and the pursuit of its activities.

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. Any interruption or failure of BPCE Group's and BRED Group's or third parties' IT systems could result in losses, in particular commercial losses, due to the discontinuation of activities and the possible withdrawal of affected customers to other financial institutions during the entire period of interruption or failure, but also beyond.

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 nonperforming 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 - Insurance risks

A deterioration in the market situation, and in particular excessive fluctuations in interest rates, could have a significant negative impact on the Group's life and health insurance business and its results.

The main risk to which BRED Group's insurance subsidiaries are exposed in the context of their personal insurance business is the market risk, mainly linked to the capital guarantee on the scope of euro-denominated funds on savings products.

Fluuctuations in interest rates can have the following effects:

In the case of an increase in interest rates, it can make euro-denominated investments less competitive (by making new investments more attractive) and cause waves of redemptions and major arbitrages in an unfavorable context of unrealized capital losses on the bond stock.

In the case of a decrease in interest rates, it can make the return on general funds insufficient in the long term to meet the capital guarantees.

If there is a mismatch between the insurer's expected claims experience and the amounts actually paid to policyholders, it could have a significant adverse effect on its property and casualty insurance business, personal risk insurance business, results, and financial condition.

The Group uses its own experience and industry data to develop loss ratio and actuarial estimates, which include pricing of insurance products and the establishment of related technical reserves. However, there is no guarantee that these estimates will match reality, and unforeseen risks such as pandemics or natural catastrophes could lead to higher-than-anticipated payments to policyholders. In this regard, the Group pays particular attention to the development of climatic phenomena known as "physical" climate risks.

11.5 - Strategic, business and ecosystem risks

Pandemic risks

The ongoing coronavirus (Covid-19) pandemic and its economic consequences could continue to adversely affect Groupe BPCE's business, results and financial condition.

The emergence of Covid-19 towards the end of 2019 and its rapid spread around the world has caused a deterioration in the economic situation of many sectors and financial agents, and has disrupted financial markets. Affected countries have had to respond with sanitary measures such as border closures, containment measures, and restrictions on certain economic activities. To support the economy, governments have implemented measures such as guaranteed loans, fiscal and social aid, and banking moratoria. However, some counterparts may be weakened by this unprecedented period.

To support economic activity, significant fiscal and monetary policies have been implemented between 2020 and 2022, notably by the French government (such as State Guaranteed Loans for businesses and professionals, for individuals, short-time working measures, and other fiscal, social and bill payment measures) and by the European Central Bank (providing more abundant and cheaper access to large refinancing funds). Groupe BPCE has actively participated in the French Government Guaranteed Loan Program and taken special measures to support its customers, such as automatically deferring loan maturities by six months for certain professionals, micro-businesses, and SMEs. However, there is no guarantee that these measures will fully offset the negative effects of the pandemic on the economy or stabilize financial markets sustainably. Repayment of State-guaranteed loans may result in borrower defaults and financial losses for the BRED Group in the portion not guaranteed by the State.

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 key principles: (i) simplicity: because Groupe BPCE is committed to efficiency and customer satisfaction, it aims for greater simplicity; (ii) innovation: because Groupe BPCE is driven by an entrepreneurial spirit and is aware of the reality of the changes underway, it is strengthening its capacity for innovation; and (iii) security: because Groupe BPCE is committed to the long term, it gives priority to the security of its development model.

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.

In particular, a severe economic disruption, such as the 2008 financial crisis or the 2011 European sovereign debt crisis, or the outbreak of a new epidemic like the coronavirus (the extent and duration of which are still unknown), could significantly impact all of Groupe BPCE's activities. This impact would be especially significant if the disruption was characterized by a lack of market liquidity, making it difficult for Groupe BPCE to obtain financing. Some risks are beyond the scope of the normal economic cycle due to their external nature, such as the short-term consequences of Brexit, the deterioration in the quality of global corporate debt (as seen in the leveraged loan market), the threat of a further spread of the epidemic, and the long-term challenge of climate change. During the last two financial crises in 2008 and 2011, the financial markets experienced high volatility in response to various events such as the fall in oil and commodity prices, economic and financial turbulence, which directly or indirectly affected several of Groupe BPCE's activities, including securities transactions and financial services.

BRED Group is particularly vulnerable to the national economic environment and the economic conditions in the regions where it operates.

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 ecommerce 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.

11.6 - Regulatory risks

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

These changes could include, but are not limited to:

- 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 described above by the resolution authorities could result in the impairment or conversion of all or part of the equity instruments and receivables issued by BPCE, or could significantly affect the resources available to BPCE to make payments on such instruments and, as a result, holders of BPCE securities could suffer losses.

6

Declaration of extrafinancial 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 are not divisible.	**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 at the service of its clients and its territories.

Important decisions are submitted to the approval of the members at the General Meetings where they appoint the directors who represent them on the Board of Directors.
In 2022, BRED had 20 directors (44% women), 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.
Lastly, in order to meet the regulatory requirements for an annual assessment of the functioning of the Boards of Directors, BRED has set up an assessment system supervised by the Appointments Committee (individual and collective assessment of the skills of the members of the management body and annual self-assessment questionnaire). This system is presented in the "Corporate governance" section of this 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.

This audit, carried out by an independent auditor, is intended to verify the compliance of their organization and operation with the principles and rules of cooperation. 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 2022, the auditor presented an update to the report at the Annual General Meeting.

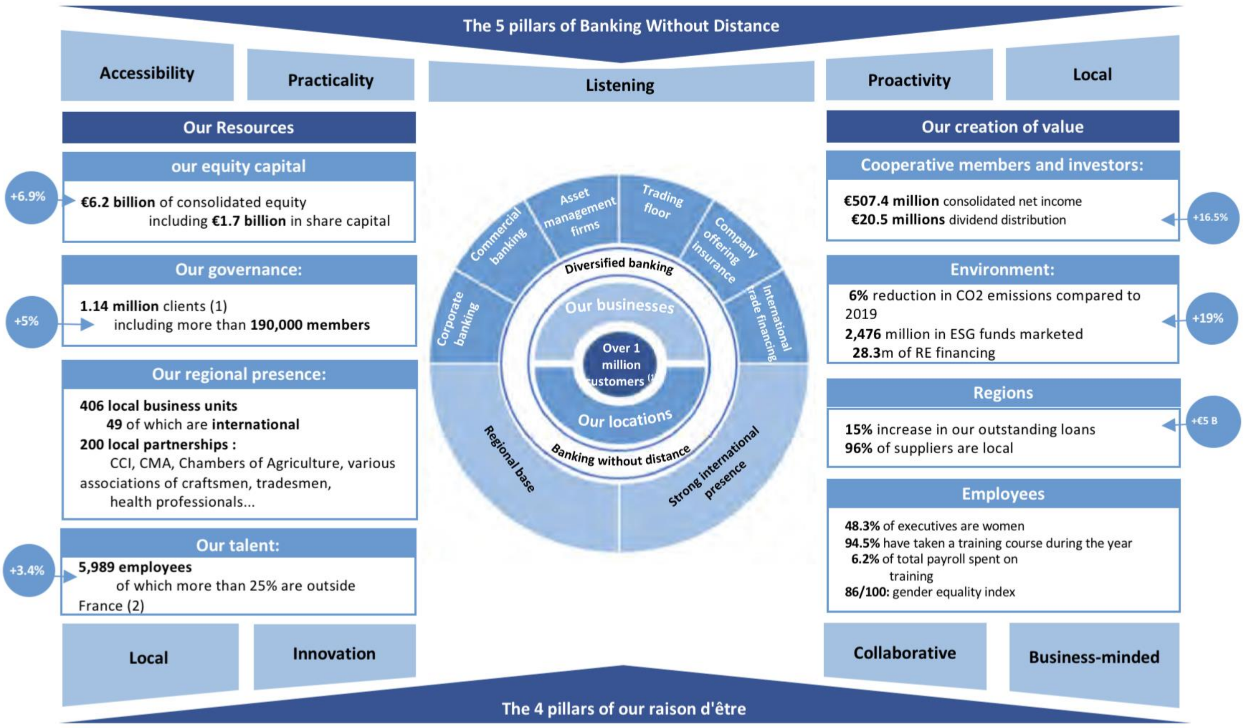
Mobilization, animation and promotion of cooperative life

The number of cooperative members increased by almost 5% (190,635 versus 181,872 in 2021), as did the average capital held by cooperative members, which rose by 6.6% (837.4 shares versus 785.4 shares in 2021).
Thus, in 2022, 17,801 customers chose to become members of the cooperative and to be the actors and guarantors of BRED's development, thus showing their confidence in our cooperative model.

Cooperative members are regularly invited to local information and discussion meetings. They have access to a dedicated section on the bank's website. In addition, the "Carte Avantages", a new service accessible on smartphones, was launched in February 2022 in Paris, then extended to Normandy from September 2022. It allows cooperative members to be kept informed of BRED's news and member news, to be invited to events in conjunction with our partners and to access discounts in retail outlets. Cooperative members also receive a newsletter four times a year.

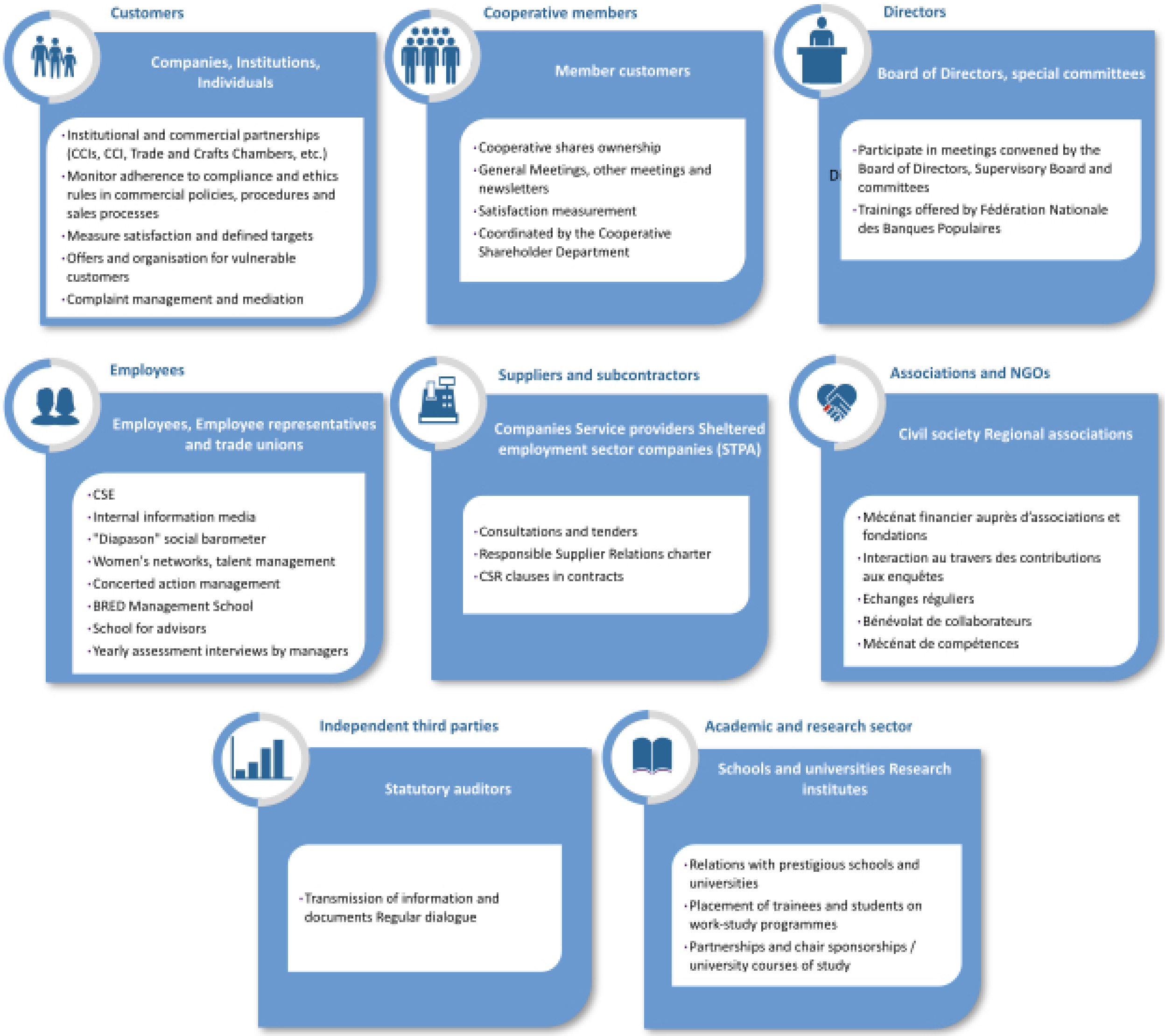
1.2 - A business model whose robustness is confirmed each year

Our business model is characterized by a strong positioning on the professional market and by a leading role in the social and solidarity economy sector, 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 - Ongoing dialogue with stakeholders

BRED maintains a permanent and constructive dialogue with its various stakeholders.



1.4 A cooperative & CSR commitment which is in line with Groupe BPCE's strategy

BRED has set up a five-person Membership and Sustainable Development - CSR Department (DSDD), which reports directly to General Management.

The role of the DSDD is to contribute to the consideration of Environmental, Social and Governance (ESG) issues in the bank's major orientations, in line with the ISO 26000 standard, and to support the implementation of actions by 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.

The DSDD is responsible for raising awareness among employees and promoting best practices within the company. It leads a group of environmental representatives from different business areas of the bank and shares news and updates on various actions taken by the BPCE group.

In 2022, a DSDD employee was designated as the "Climate Fresco" representative after receiving training through workshops organized by BPCE during the European Week for Sustainable Development. The employee leads workshops where participants collaborate to create a fresco summarizing the mechanisms of climate change as outlined in reports by the Intergovernmental Panel on Climate Change (IPCC). The purpose of this awareness program is to present the issues related to climate change to employees so they can take ownership of them and identify opportunities for action in their respective departments.

BRED's commitments align with BPCE's strategic plan, which emphasizes a strong environmental policy and a human resources policy that promotes employee well-being and professional development. BRED joined the Net Zero Banking Alliance in 2021 and the Net Zero Asset Owners Alliance in 2022 through BPCE, committing to aligning its investments and portfolios with the goal of achieving net-zero emissions by 2050.

Through BPCE, BRED has also signed on to the Global Compact since 2012, which is renewed annually and extends the commitment initiated by the Banques Populaires network. This code of conduct is recognized internationally and based on references such as the UN, OECD, and ILO, which enable BRED to initiate, pursue, and develop its sustainable development policy in accordance with international standards.
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.

BRED ensures compliance with all the fundamental ILO conventions.

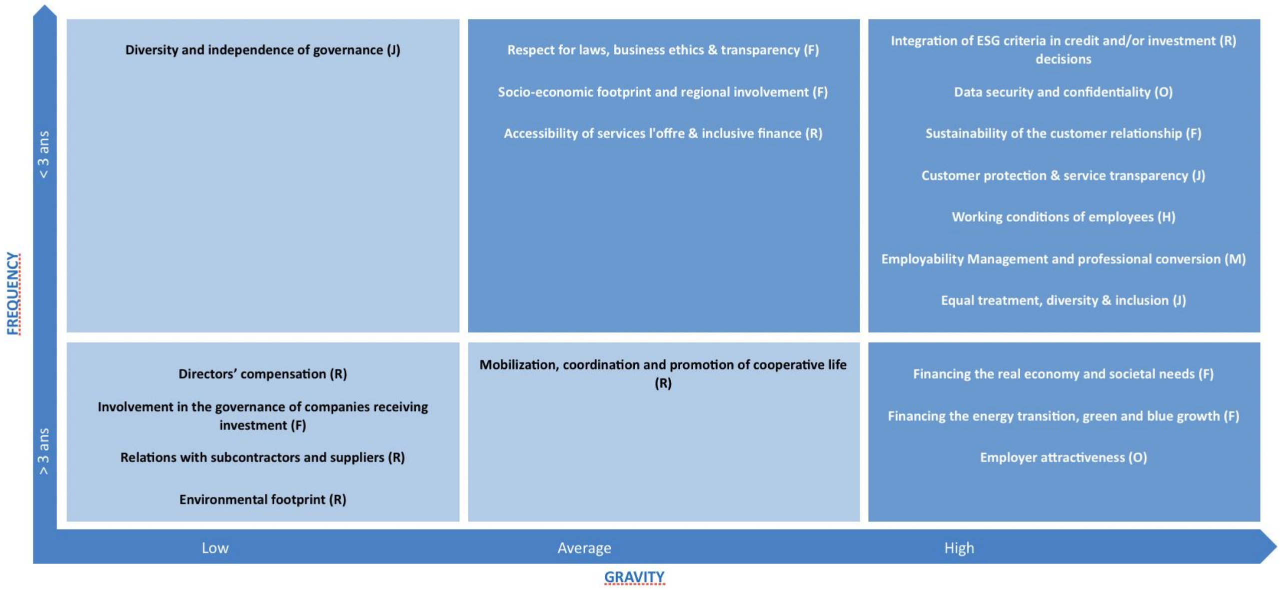
1.5 - Major issues structuring our action

BRED has drawn up a map of the extra-financial issues relating to its business and its stakeholders, which is updated annually and validated by its Executive Committee and the Risk Committee of its Board of Directors.

This mapping is made up of a universe of 19 CSR risks and a methodology for rating these risks according to their frequency and severity, which leads to the definition of 13 major risks.

Each year, the update of this mapping, takes into account:

- changes in regulations and in the macro-mapping of risks,
- recommendations of external auditors,
- requests from rating agencies and investors,
- new reporting standards.



These issues are the subject of a specific action plan, described in this report, and are monitored using key performance indicators.

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 below (§ 2.12).

SDG	§	RISKS	KEY PERFORMANCE INDICATORS	SCOPE	2022	2021	2020	2019	2024 OBJECTIVES
8	2.1	Financing of the real economy and societal needs	Increase in outstanding loans (2) *Change from previous year (in pts)*	BRED parent company + French subsidiaries	15% -	15% *-2*	17% *3*	14% *2*	-
9	2.2	Socio-economic footprint and regional involvement	Share of local suppliers (1) *Change from previous year (in pts)*	BRED parent company	357 -	357 *-7*	364 *-3*	367 -	-
			Number of local retail units *Change from previous year (in pts)*	International subsidiaries	49 *4*	45 *2*	43 *2*	41 -	
	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)*	BRED parent company	9.3% *0.2*	9.1% *-0.6*	9.7% -	- -	-
10	2.4	Customer protection and service transparency	Share of customer complaints about "informationadvisory" with favourable response(1)	BRED parent company	0.4%	0.3%	0.2%	-	-
			Share of customer complaints about "unauthorised transaction" with favourable response(1)	BRED parent company	2.1%	1.5%	-	-	
1	2.5	Accessibility of services and inclusive finance	Percentage of branches accessible to people with disabilities *évolution / année précédente (en pts)*	BRED parent company	92.9% *2.0*	90.9% *6.0*	84.9% *16.6*	68.3% -	
3	2.6	Employees' working conditions	Absenteeism rate for illness (2) *Change from previous year (in pts)*	BRED parent company + French subsidiaries	4.7% *-0.8*	5.5% *1.4*	4.1% *-0.1*	4.2% *-0.2*	< 7.2%
			Absenteeism rate for illness (2 Change from previous year (in pts)	Filiales internationales	1.3%	1.3%	-	-	-
10	2.7	Employer attractiveness	Staff turnover rate (2) *Change from previous year (in pts)*	BRED parent company + French subsidiaries	12.7% *0.9*	11.8% *3.3*	8.5% *-1.8*	10.3% -	< 15%
			Staff turnover rate (2) *Change from previous year (in pts)*	International subsidiaries	*15.4%* *-1.2*	*16.7%* *3.4*	*13.3%* *-9.6*	*22.9%*	-
	2.8	Employability management and professional conversion	Percentage of employees who have received at least t one training course over the year (2) *Change from previous year (in pts)*	BRED parent company + French subsidiaries	94.5% *6.5*	87.9% *-5.6*	94.8% *5.8*	88.7% *-10*	> 80%
			Percentage of employees who have received at least t one training course over the year (2) *Change from previous year (in pts)*	International subsidiaries	*88.6%* *20.7*	*67.9%* *-11.6*	*79.4%* *8.2*	*71.3%* *0*	-
5	2.9	Equality of treatment, diversity and inclusion	Percentage of female executives (2) *Change from previous year (in pts)*	BRED parent company + French subsidiaries	47.4% *-0.6*	48% *0.2*	47.8% -	47.8% -	50%
			Percentage of female executives (2) *Change from previous year (in pts)*	International subsidiaries	55.4% 5.7	49.7% 2.8	46.9% 25.6	*21%*	-
13	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)*	BRED parent company	87.4% *0.6*	86.8% *20.3*	66.5% -	- -	100%
			Total SRI funds and SRI and solidarity-based FCPEs marketed (€ m) (2) *Change from previous year (in pts)*	BRED parent company + French subsidiaries	2476 19.1%	2080 -2.1%	2,125 X 5	439 11.7%	-
7 17	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)	BRED parent company	23.3	9.45	12	74	-
			Financing of infrastructure projects with positive environmental and social impacts	BRED parent company	154.8	-	-	-	
12	2.12	Our environmental footprint	Annual carbon emissions (in TeqCO2) *evolution / 2019*	BRED parent company + French subsidiaries	34,121 -4.0%	32,013 -10.0%	32,225 -9.4%	35,554	- 10 % 2024/2019
			Carbon emissions in relation to NBI (TeqCO2/NBI) *Evolution / 2019*		23.1 *-24.5%*	23.8 *-21.9%*	27.0 *-11.4%*	30.5	-
16	2.13	Compliance with laws, business ethics and transparency	Percentage of employees trained in anti-money laundering(2)	BRED parent company + French subsidiaries	94.4%	95.7%	91.6%	96.4%	100%
			Percentage of employees trained in anti-money laundering(2)	International subsidiaries	95.3%	-	-	-	
	2.14	Data security and confidentiality	Percentage of employees trained in GDPR(2)	BRED parent company + French subsidiaries	79.4%	83.2%	95.9%	97.5%	100%

The actions implemented contribute to 11 of the 17 Sustainable Development Goals (SDGs) listed, in 2015, by the United Nations member states as part of the 2030 Agenda.

BRED has decided to have its extra-financial performance assessed by an international rating agency, as part of a voluntary process and in addition to its annual extra-financial performance declaration.
Moody's ESG Solutions' valuation methodology is developed using international standards allow to have an overview of corporate social responsibility performance in the ESG factors relevant to BRED's activity as well as an analysis of the integration of these issues.

In August 2022, BRED obtained an A1 Sustainability Rating from Moody's ESG Solutions, reflecting the high quality of the ESG performance of the French commercial bank (mainland France and French overseas departments).
This A1 sustainability rating corresponds to BRED Banque Populaire's "advanced" capacity and willingness to integrate ESG criteria (environment, social, governance) in its strategy, operations and risk management.

BRED has integrated the results of this evaluation into its continuous improvement process.

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 2022, on the scope of French commercial banking and subsidiaries, our outstanding loans increased by 15% to €33.4bn.

Our lending activity continues to grow at a steady pace, following a 17% increase in 2020, through the distribution of government-backed loans. This development contributes to the strong and continuous growth in financial results since 2012 (see pages 2-10 and 2-11 of this annual report).

BRED's ability to finance its customers' personal and business projects is growing thanks to the steady increase of its equity (comprising the share capital and the carrying over of profits), which has been multiplied by 2.5 since 2012, and by the dynamism of savings inflows.
All the savings collected are redistributed at the 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 involvement in local life

A local bank close to its territories

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 2022, the number of local commercial units (branches, business centers, asset management circles, etc.) will be 357, the same as in 2021, for BRED's corporate scope and French subsidiaries.
As for international subsidiaries, the number reaches 49, four more than in 2021.
BRED maintains a dense network of branches in all its regions, in order to maintain a detailed understanding of regional players and challenges and to support local initiatives.

However, local support and assistance is not limited to the physical locations.
Indeed, since 2016, BRED has adopted a "Bank without distance" model that combines geographical and relational proximity, combining the best of human and digital resources to develop a global local relationship at the heart of the regions.
The Covid crisis, and the resulting increased use of digital technology, has accelerated the evolution of the physical customer service model in the bank's two networks in metropolitan and overseas France, by perpetuating a 100% advisory branch model.
This crisis has reminded us that the human relationship remains essential, as digital technology is at the service of the human being.

Responsible purchasing policy favouring local suppliers and companies in the sheltered employment sector

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.
The objective is to develop relations between customers and suppliers in order to build, within a framework of mutual trust, a sustainable and balanced relationship between them, in order to support the national economy by promoting partnership, dialogue and the know-how of purchasing professionals.
In this respect, BRED gives preference to local suppliers. Within the scope of Bred social and French subsidiaries, nearly 96% of its active suppliers are based in these territories.

Contracts with suppliers include a clause stipulating that they must adhere to the BPCE Responsible Purchasing Charter. In line with this Charter, BRED's purchasing policy gives priority to purchases from the sheltered employment sector (STPA), contributing to a more inclusive economy by supporting the employment of people who are far from it.
BRED regularly calls on ESATs and AEs such as ANRH (switchboard), Cedatra (office supplies), ATF GAIA (WEEE reconditioning), Fastroad (mail processing and employee transport), Le Petit Plus (paper and cartridge waste management), Atelier du courrier (logistics and mail dispatch services) and Documenthom (digitization of customer files in branches).

Lastly, BRED has made a contractual commitment to its suppliers and subcontractors to guarantee compliance with labor law conditions. This policy is reflected in the inclusion of the clause on illegal employment in the contracts or amendments signed this year. The subcontracts concern support activities that are not part of the bank's sensitive businesses.
A CSR clause is included in the internal charter of the bank's purchasing department concerning the consideration of non-financial criteria in the selection of suppliers.

Leading local employer

BRED is a key local employer in its territories, both indirectly with suppliers and directly through its network of commercial units and head offices.

BRED Group employs 5,989 people, including 1,534 in its international subsidiaries, versus 5,793 people, including 1,428 in its international subsidiaries, in 2021.

For more than 20 years, BRED has been welcoming nearly 300 work-study young people on apprenticeship and professionalization contracts each year, for positions to be filled in Paris, the Paris region, Normandy and the French overseas territories.

Sponsorship policy mainly focused on equal opportunities, knowledge transmission and entrepreneurship.

Banque Populaire 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 "Patronage, Foundation and Partnerships" budget amounted to €2 million in 2022, versus €953,000 last year.

The cooperative and social footprint, based on ISO 26000, highlights BRED's commitment to society by measuring and qualifying its actions in terms of social and cooperative responsibility towards its members, directors, employees, consumers, suppliers and subcontractors, as well as the environment and society.
BRED's commitment level amounted to €3.98M in 2022, versus €2.25M in 2021.
Equal opportunity is the main focus of the bank's sponsorship policy.
Since 2018, BRED has been heavily involved in the Fondation HEC's "Prépa HEC pour Tous" program, which offers scholarships and support to students preparing for entrance exams to the leading business schools, selected on the basis of their academic merit and social criteria. It also participates in the "HEC Stand UP" program - in the French overseas territories - which trains women in hardship to be entrepreneurs.

In 2022, women from Martinique, Guadeloupe and Reunion Island with a strong entrepreneurial drive were able to apply for the HEC Stand Up training, created in 2012.
This training is an Equal Opportunity program of HEC Paris, supported by BRED, which aims to give women from all social and cultural backgrounds access to this expert training to carry out their entrepreneurial project and launch themselves quickly, free of charge.

BRED was a jury for the Executive Education prize of the HEC 2022 Foundation, of which it is a partner.
This prize is awarded every year to the best theses and dissertations of students from the different programs of the School. This year, Ksenia Etcheverry was rewarded for her research work on the use of artificial intelligence in crisis communication management.

In 2022, the bank was also a partner of the Eloquentia@HEC program, which is aimed at 75 high school students primarily from priority neighborhoods, with the goal of developing their self-confidence when speaking, mastering the management of their body and voice, and learning to better know themselves. Participants described the program as a unique and unforgettable experience.

Together with the Collège de France, BRED supports the "Campus for innovation in high schools" program, designed to disseminate cutting-edge knowledge, particularly in the field of economics, to high schools in disadvantaged urban and rural areas. In 2022, it was the exclusive sponsor of the Journées du Patrimoine (Heritage Days) at the Collège de France with an exceptional cultural exhibition dedicated to Champollion.

BRED has been a sponsor of the Café de l'Avenir since its creation in 2006. The aim of this association is to help young graduates in difficulty to find their first job. The association currently has 70 volunteer mentors, experienced professionals from the business world who are involved in helping young people find their first job.
In 2022, the bank took part in a round table discussion organized by the association on the very topical subject of "accelerating digital transformations: what impact on the business lines?''

On the occasion of the BRED's General Meeting held in Normandy in May, the "Sciences à l'École" ministerial program was awarded the BRED Foundation Prize. This program aims to support and promote scientific and technical culture in middle schools, high schools, and post-baccalaureate classes, for students in general, technological, and vocational tracks: over 30,000 students are involved in this program.

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.

In Guadeloupe, the bank sponsors the "Lire au Grand Large" literature festival, which seeks to elevate reading as a form of leisure activity. This initiative is part of a larger project aimed at combating illiteracy and promoting access to knowledge.

In 2022, BRED partnered with the Alliance Française Paris to promote equal opportunities in its distant territories in South East Asia and Oceania. As part of this initiative, BRED financed a scholarship program for four students from Fiji, Vanuatu, Cambodia, and Laos, covering their tuition and accommodation costs.

Created by and for entrepreneurs, entrepreneurship is part of BRED's DNA.

BRED has numerous partners who help bring this dimension to life. One of these partners is Adie (Association for the Right to Economic Initiative), with whom BRED and other members of the Banques Populaires network have had a longstanding partnership. Adie finances self-employed entrepreneurs through its supported micro-credit scheme, which contributes significantly to the economic, social, and human development of the regions.

Furthermore, BRED supports young entrepreneurship, especially through the "Je deviens Entrepreneur #jeune" scheme and the Créadie competition (Prix Jeunes - Banque Populaire dedicated to young people, on a national and regional scale), as well as by replenishing loan funds dedicated to young people in the regions.

This year, BRED has entered into a new partnership with Odyssée Business Game School, whose priority objective is to fight against school dropouts by promoting educational success through awareness of entrepreneurship and initiation into business management.

BRED has partnered with the "Réunion des Talents" fund on Reunion Island, which supports various fields such as art, culture, solidarity, environment, sport, and health. The aim of this endowment fund is to encourage and promote culture on Reunion Island, so that local artists can pursue their passions to the fullest. BRED is also associated with the "Fond 'Ker Foundation" in this region, which promotes the economic development of companies in Reunion Island with a focus on social cohesion and mutual support.

BRED is committed to social cohesion and has been a founding member of the Fondation de la 2ème Chance. This foundation aims to help people who have gone through difficult times to reintegrate into society. BRED is also a sponsor of Habitat et Humanisme Île-de-France, which works to combat poor housing and social exclusion.

Additionally, BRED partners with Sol Solidaire to contribute to the fight against fuel poverty and promote the ecological transition of social housing.

Finally, BRED's sponsorship program allows us to donate €5 to one of the following associations for each account opened by a client: Médecins Sans Frontières, the Alzheimer's Research Foundation, and Jeunesse au Plein Air. In 2022, the total amount donated was €50.4K.

Active support for local entrepreneurship and 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.

BRED is a premium partner of the Paris 2024 Olympic and Paralympic Games, scheduled to take place from July 26 to August 11, 2024, and from August 28 to September 8, 2024. As a result, it will provide several economic and job creation opportunities throughout France by participating in the Entreprendre 2024 program. This program aims to provide small businesses, SMEs, and actors in the Social and Solidarity Economy with easier access to economic opportunities related to the Olympic Games, particularly the calls for tender published by Paris 2024 and the company in charge of delivering the Olympic facilities. Numerous sectors, including construction, tourism, and organization, are involved, enabling each entrepreneur to apply directly.

2.3 - Sustainability of the customer relationship

Challenge: 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.**3%** in 2022, up slightly by 0.2 points compared with 2021.
However, it remains 0.4 points lower than in 2020, with an increase in the number of "active" customers of nearly 6%.
Calculated within a BRED SA scope, this indicator, is one of the priorities of the commercial policy.

Particularly committed to customer satisfaction, BRED has set up a comprehensive system of feedback and surveys. As an example, 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 our services remains at a good level, as confirmed by the annual quality survey carried out among "Corporate" customers. Indeed, 94% of Business Center customers are satisfied with BRED as a corporate bank (source: CAF 2022 survey), and 95% of them are satisfied with the bank's services in terms of payment methods (Means of Payment 2022 survey)

Individual and professional clients are satisfied with the quality of the conversation with their advisors (88%, source: QHD Conseil 2022) as well as with the digital tools made available to them: 93% of the website and 93% of the mobile application (source: SAE 2022).

In 2022, a global BRED quality dashboard was set up, bringing together more than 120 indicators from all the bank's departments. Its purpose is to strengthen quality management and to quickly identify problems that could affect the quality of our services to customers. The tools for measuring customer satisfaction, already in place in previous years, have been renewed.

2.4 - Customer protection and transparency of the offer

Challenges: 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 2022, claims about "Information - advice", with a favorable response, represented 0.4% of all claims, compared to 0.33% in 2021.
Claims for "unauthorized transactions" with a favorable response represented 2.1% (compared with 1.55% in 2021).
These indicators are calculated within a BRED social perimeter.
The evolution of these indicators is linked to the increase in the number of claims received in 2022 (more than 39%), mostly related to bank card fraud.

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.
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 23 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 2022, 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 and inclusive finance

Access for people with disabilities

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: by 2022, 92.9% of our branches in metropolitan France and the French overseas territories will be accessible to people with reduced mobility. 10 have exemptions and 5 are declared not accessible to PRM (sites that do not allow any accessibility renovation work).

In order to facilitate access to its banking services for all its customers, without discrimination, BRED has for many years been deploying a number of initiatives in favour of people with disabilities in order to comply as closely as possible with the requirements of the 2005 decree on access for the disabled, for example by installing Braille keypads on its ATMs and cash dispensers and, above all, by making them height-accessible to wheelchair-users.

In compliance 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

In 2016, BRED deployed the AFECEI charter[1] on access to banking services and the prevention of over-indebtedness.. This charter is aimed at individuals who are banked or receive financial services from the group's entities, but who do not act for professional purposes. Its actions to prevent banking exclusion and support clients in financial vulnerability have been objectively documented through the first set of indicators reported in June by BPCE to the Observatory for Banking Inclusion.

For the past 19 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.

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.

[1] *AFECEI: the French Association of Credit Institutions and Investment Firms has drawn up a professional charter which has regulatory status.*

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 to get out of it.

By 2022, more than 80% of the outstanding loans and credits held by individual and professional clients under the care of 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 mainland France, more than 10,000 clients were handled by the SRA in 2022, including 4,900 individuals, by a team of 11 managers and one executive. In the French overseas territories, 5,000 accounts were handled by the SRA thanks to a team of 13 managers and 3 executives.

BRED is pursuing its commitment to providing concrete solutions to the current challenges of banking inclusion and limiting incident costs. In particular, by automatically exempting all its customers from direct debit rejection fees, thus avoiding the perception of a cascade of incidents.

BRED's mutualist commitment is to support its customers by promoting banking inclusion, by helping customers to better manage and control their budget, and by limiting the costs associated with payment incidents and transaction irregularities(1) .

BRED's commitment to stand by its customers means that it contacts each customer in a situation of financial fragility individually, using the most appropriate means of information and communication.
The support of our clients in a situation of overindebtedness is reflected in the quality of care provided by a dedicated service and team throughout the overindebtedness procedure.

The scheme dedicated to customers in a situation of financial fragility, if the customer is eligible, allows them to benefit from a complete range of day-to-day banking services at a controlled rate of one euro per month. By opting for the OCF offer, the monthly incident fee cap(1) is then 16.50 euros per month for the entire duration of the offer.

In addition, the SMS alert service, included in the OCF offer, allows our customers to be informed about the situation of their account and to contact their advisor.

There are three criteria for detecting financial fragility:

- Criterion 1: The amount of resources credited to the account is less than the national minimum wage (SMIC) and there are at least 5 fees related to payment incidents and irregularities (3) in the same month.
- Criterion 2: The customer has been registered for three consecutive months in the Banque de France's database of payment incidents involving checks (FCC) due to an unpaid check or declaration of card withdrawal.
  The BRED caps incident or irregularity fees(3) at 25 euros per month for the entire duration of the customer's situation, with a minimum duration of three months.
- Criterion 3: The admissibility of a file submitted to the debt commission.

BRED limits incident or irregularity charges (3) to 25 euros per month for the entire duration of the overindebtedness procedure, regardless of the plan measure (even if the debt has been cleared), until the end of registration in the Fichier des Incidents de Crédit aux Particuliers (FICP) under an overindebtedness treatment measure.

(2) Net monthly SMIC on the basis of 35 hours per week.
(3) List of fees concerned: intervention fees, fees for a prior information letter for an NSF check, fees for an information letter for an unauthorized debit account, flat-rate fees for each check rejected for lack of funds, fees for the rejection of a direct debit for lack of funds, fees for the non-execution of a standing order for lack of funds, fees following notification by the Banque de France of a ban on issuing checks, fees for declaring to the Banque de France a decision to withdraw a bank card, and fees for the cancellation of the card by the bank.

The regulatory offers for financially fragile customers (OCF) and customers benefiting from the Basic Banking Services (SBB) offer are available on BRED's institutional website and can also be found in the pricing conditions.

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 teams in charge of this service provide training to 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 - Employee working conditions

Challenge: ensure the health and safety of employees; develop their quality of life in the workplace; prevent psychosocial 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 and its French subsidiaries, the rate of absenteeism due to illness stood at 4.65% in 2022, down by almost 1 point compared with 2021. This change is linked to the end of the COVID pandemic.
This rate remains below the target of 7.2%, based on the average absenteeism rate of the last two years in the Services sector of the Ayming Absenteeism® and Engagement Barometer.

KPI: for international subsidiaries, the rate of absenteeism due to illness was 1.33% in 2022, slightly higher than in 2021 (+0.08 points).
In January 2021, a new agreement on the Quality of Life at Work (QWL) was signed at the branch level for a period of three years.

The QWL approach recommended within BRED aims to strengthen its attractiveness, improve the commitment, professional motivation and loyalty of all employees, as well as reduce stress at work and lower absenteeism.

After reaching an agreement, BRED proceeded to negotiate with its own representatives. Three trade unions have agreed to the terms, which cover a variety of subjects, including changes to our organization and IT system, workload regulation, the right to make mistakes, the right to disconnect, participative management, the establishment of self-regulated teams, transparency in sales challenge results, and management of incivilities.

We believe that addressing these subjects properly will improve the working conditions of our employees, which is essential for the development of our bank.

Work-life balance

BRED's management is aware of the importance of work-life balance for its employees
For almost 20 years, employees have had the option of working part-time.
In 2022, within the scope of BRED parent company and French subsidiaries, nearly 8% of employees with permanent contracts opted for part-time work, 88% of whom were women.

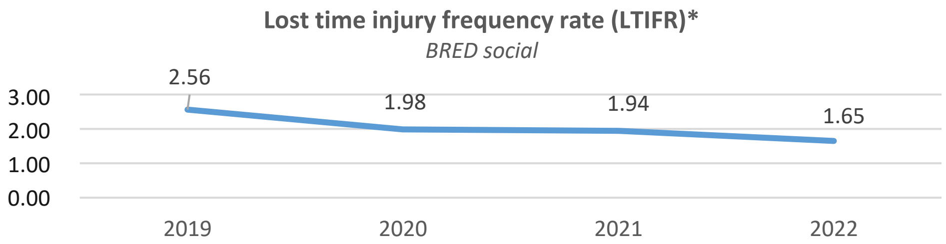
BRED entered into a company-specific agreement in 2016, renewed in 2021, enabling employees whose positions are compatible with telecommuting to work from home for one or two days a week.
Thanks to more appropriate communications about this agreement, more than 1,000 employees were able to take advantage 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 an action plan to combat stress at work, which is to be replaced by the agreement on Quality of Life and Working Conditions.

In this context, in November 2020 BRED set up an effective, external, dedicated, independent psychological help and support line, "Qualisocial", which guarantees the anonymity and confidentiality of exchanges.
This hotline is offered to all employees so that they can talk to a professional. It is promoted by the security department whenever there is incivility and is also recommended by our occupational social service.
A compulsory medical examination is scheduled every five years for each employee. It should be noted that at BRED this visit, for employees benefiting from the independent medical service, takes place every two years.
In addition, BRED's management has opted to extend its independent occupational medical service to all employees in mainland France.
The regularity of the visits, as well as the accompaniment of the employees, will therefore be more effective.
For example, during the pandemic, the independent occupational medical service organized vaccination campaigns for the bank's employees within its scope, which could not be implemented through inter-company medical care. Since then, this system has been maintained, in addition to a vaccination against the seasonal flu.

The severity rate and the frequency rate of work-related accidents with lost time are monitored by management and transparently by the social partners, who are informed each quarter of the trend in the number of such accidents. BRED's in-house occupational physicians carry out more regular visits.



** Number of lost-time accidents per 200,000 hours worked.*

On BRED's intranet site, a specific section is available for occupational medicine to prevent a certain number of risks such as musculo-skeletal disorders or psychosocial risks and to combat tobacco addiction.
In addition, training sessions are regularly organized to prepare new recruits joining the sales network for possible aggression (incivility, armed attacks). Similarly, the prevention of incivilities and their support by management are monitored and regularly updated and brought to the attention of each employee, reminding them of the proper conduct in the circumstances encountered. In this respect, a quarterly review is carried out with the social partners within the framework of the CSSCT (Health, Safety and Working Conditions Commission).

BRED is aware of the importance of sports and cultural activities for job satisfaction and facilitates these activities, notably by granting a subsidy to its four Social and Economic Committees, corresponding to 2.23% of the payroll. It also makes showers available to employees at its two main offices, as well as rooms available to employees taking part in the choir or the theatre group.
The Paris and Joinville offices have a number of social areas, including cafeterias and rest areas.

A BRED sports association also brings together several disciplines.
Created 65 years ago, BRED's Sports Association advocates "sport for all" by giving all BRED employees and their families access to sports activities.
AS BRED has more than 500 members, with a perfect balance of men and women, and 20 disciplines (running, soccer, swimming, golf, fitness, yoga...). The website (AS BRED) makes it particularly easy to sign up for a section and to contact its manager. The exceptional longevity of this company sports association is due to its team spirit and the strong cohesion of its volunteer members.

Social dialogue

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).

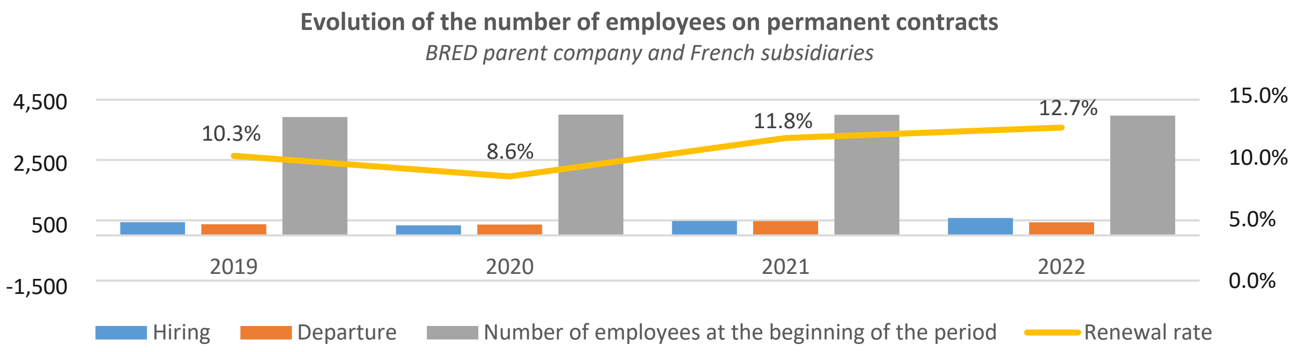
In 2022, the central social and economic committee was convened four times: twice for ordinary meetings and twice for extraordinary meetings. An extraordinary meeting of the CSEC was held on the subject of the crisis in Ukraine. The CSSCT for mainland France met 5 times. Thirteen social and economic committee meetings were held in mainland France instead of the nine provided for in the agreement in order to maintain dialogue with the social partners and present current issues and BRED's organization.

2.7- Employer Attractiveness

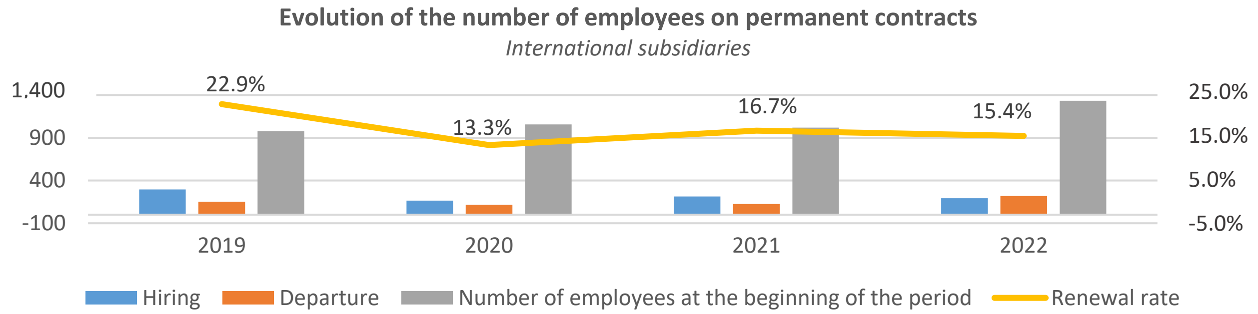
Challenge: manage and develop attractive careers, have an attractive compensation policy, achieve positive employer brand assessments, and attract talent easily in a competitive market.

KPI: For BRED and its French subsidiaries, the staff turnover rate stood at 12.7%, slightly up on 2021 (11.8%).

This rate, which is mainly impacted by the dynamics of the job market in the Paris Region, remains below the maximum threshold set at 15%, based on a study by INSEE in 2021, which concludes that the average staff turnover rate is below 15%.



For international subsidiaries, the staff turnover rate was 15.4%, down 1.2 points.



BRED is an attractive company, as demonstrated by the high number and quality of new hires.
This attractiveness is maintained by BRED's excellent financial results, which enable it to develop a particularly effective compensation, career management and training policy.

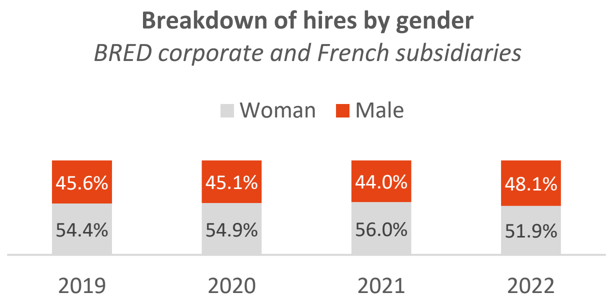
Details of its actions are given in paragraphs 2.6, 2.8 and 2.9 of this report, as well as in the social and financial reports.

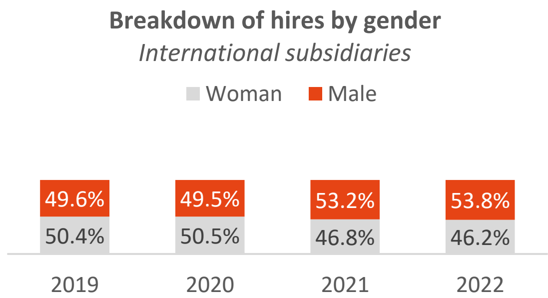
Recruitment policy

BRED's employment policy is underpinned by a long-term employment perspective for its employees, which is reflected in the high proportion of permanent staff (97.5% in 2022), reinforcing its desire to be a socially responsible employer.

In 2022, it hired 904 new employees, including 244 under work-study contracts, at BRED parent company and French subsidiaries and 383 at international subsidiaries.
Of these 1,287 new employees, nearly 60% are on permanent contracts.

Furthermore, BRED recognizes that gender diversity within the company is essential for complementarity, social cohesion, and prosperity. As such, we strive to maintain a balance in the hiring of women and men.





Advancement of talents, development of skills and employee retention

A formalized 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

Challenges: effective career planning, adapted training, alignment of skills with the organization's strategy, rendering key expertise sustainable for business continuity, particularly in the case of reorganizations.

KPI: In 2022, 94.**5%** of employees in BRED's corporate scope and French subsidiaries had attended at least one training course. This indicator, up 6.5 points compared with 2021, remains well above the minimum target of 80%.

In the scope of international subsidiaries, 88.6% of employees attended at least one training course in 2022.

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.

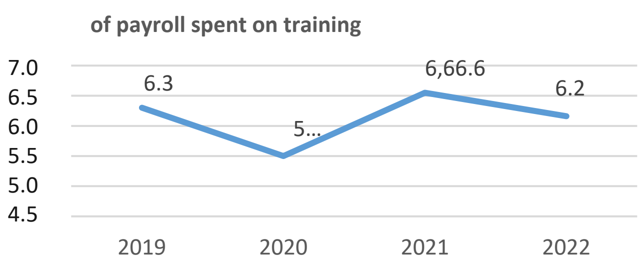
Skills development plan

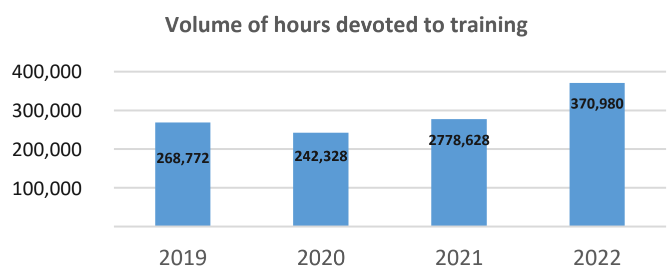
The development plan is for all employees throughout their careers in accordance with the legal provisions concerning vocational training, employment and social democracy (Law no. 2014-288 of 5 March 2014).

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 amounting to 6.16% of the total payroll, BRED is well above the sector average and the legal obligation of 1%.

The number of hours allocated to training in 2022, i.e. 370,980 hours (277,628 hours in 2021), reflects BRED's sustained effort to train its employees in a changing and demanding environment.



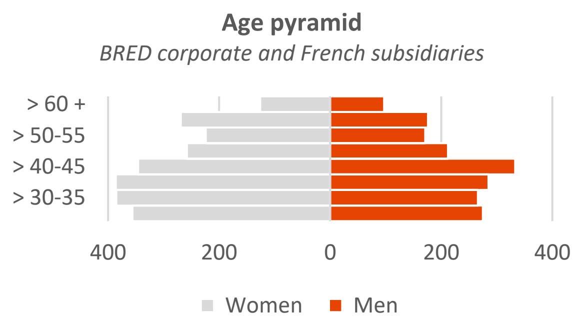


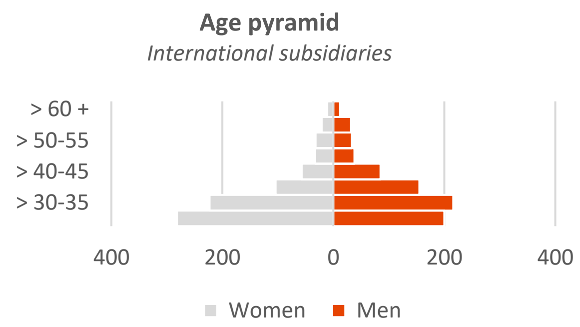
Agreement on the forward-looking management of jobs and skills for Groupe BPCE

The development of skills concerns all employees, beginners, experienced, young and old.

Respecting the major social balances of companies generates a generational dynamic that benefits everyone. With this agreement, signed on 22 December 2017 and subject to renewal in 2022, three key points stand out:

- the search for a balance in the age pyramid by integrating young people under the age of 30 and by retaining seniors in positions,





- the quality of integration of young people and the development of their skills, particularly through work-study programs,
- the proper transmission of knowledge and skills, in particular through skills sponsorship.

Support for seniors

BRED supports senior employees in the development of their professional careers and helps them both before and after they retire, within the framework of BPCE Group's employment and expertise management planning agreement.

BRED has implemented several part-time options for senior employees, including part-time arrangements by the week, month, and year.Additionally, senior employees are offered additional vacation days during the last two years of employment, with an allowance of 1 to 2 days per month.

One of our staff members is responsible for assisting employees in preparing for their retirement. This role has two primary objectives:

- Ensuring the proper transmission of knowledge and skills by collecting departure dates, which are initiated by employees ;
- Assisting employees in the process of evaluating the amount of their retirement benefits and determining their severance package.

As part of the collective agreement on jobs and career path management(GEPP) at BPCE, BRED has set up a skills sponsorship scheme for the first time in 2022.
The patronage of skills consists, for a company, to put at the disposal of an organization of general interest, one or several employees, who will mobilize, during a time, their skills or their work force. This provision is made during working hours.
For example, one of our employees will be joining, for 50% of his working time, the "Café de l'Avenir" association, which has already established partnerships with BRED and is positioned to help young people facing difficulties on the job market.

2.9 - Equal treatment, diversity and 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: Within BRED and its French subsidiaries, 47.4% of managers are women.
This proportion, slightly down by 0.6 points compared to 2021, remains above 47%, thanks to a recruitment and career management policy that promotes gender diversity and balanced representation of men and women at all levels of the organization.
Women account for more than 55% of managers in the international subsidiaries.
In March 2021, BPCE group's companies, including BRED, signed the Gender Equality Charter, the purpose of whichis to share with all the Group's companies common convictions in terms of gender diversity through ten concrete commitments to be pursued and developed in the years to come.

Within the framework of its new gender equality agreement (currently being renegotiated), BRED is continuing the work undertaken in the search for the absence of any form of professional discrimination between women and men, in particular by reducing unjustified salary differences and by adopting a career management system that respects equal treatment.

This new agreement intends to continue to focus on eight priority areas: effective compensation, recruitment, professional training, career development, professional promotion, working conditions, work-life balance, awareness-raising and communication.

Every year BRED analyses and reviews individual pay levels and changes based on performance targets assigned to employees.

As part of the 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.

Gender equality is not only an economic performance factor but also a catalyst for innovation and societal progress. Changing attitudes and perceptions are integral to BRED's vision. For many years, the Group has prioritized this objective in its human resources policy.

In 2020, BRED obtained the renewal of its Equality label for four years and maintained its professional equality index at 86 points out of 100.

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.

BRED designated two "anti-harassment and sexism" representatives, one representing management and the other the CSE (Employee Representative Committee). These two groups meet to conduct an investigation into reports of harassment and sexism.

The BRED Pluri'elles network was established in early 2013 and is an active social network within BRED Group that promotes diversity-based values and reduces barriers associated with stereotypes related to gender and age across all business lines and regions. It is a non-profit association and is managed by an office of approximately ten persons.

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 1 st 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 2022, 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.
- Group workshops and training modules on a wide range of disability topics.
- Brochures, surveys, awareness-raising, monthly and quarterly newsletters.

In November 2022, BRED's diversity referents promoted the bank's actions on disability during a week, through activities, QUIZZ, videos and e-learning.
Thanks to this communication, 3 employees who were not identified as RQTH (Recognition of the quality of disabled worker) contacted the HRD to find out more about their rights, to take the administrative steps and thus benefit from specific aid.
In total, 176 employees within BRED Social have been identified as RQTH.

2-10 - Integration of ESG criteria in investment and/or credit decisions

Challenge: Measuring the level of integration of environmental, social and governance (ESG) criteria in financing and investment decisions.

KPI: in 2022, the share of credit applications in excess of €1 million that included an analysis of ESG risks amounted to 87.4%, up 0.6 points compared to 2021.

he increase in the amount of processing that has occurred since 2021 can be attributed to the centralisation of ESG risk analyses by the CSR teams, which were previously handled by the sales teams. This change demonstrates BRED's commitment to supporting its customers' environmental transition and taking climate and social issues into account in its credit policy.

Our ESG risk analysis is based on 18 key performance indicators (KPIs) divided into three categories: environment, social, and governance. We also conduct an analysis of controversies in the seven areas of ISO 26000. This analysis is based on the sectoral analysis of ESG risks developed by BPCE's Risk, Compliance, and Permanent Controls Department, which takes into account all aspects of the European green taxonomy.

Based on this analysis, we provide a score out of 100 that is tailored to each individual company, and we assess the level of ESG risks according to a 3-level scale: low, medium, or high.

The ESG rating of companies is updated as part of the presentation of credit applications to the Credit Committee.
This system, validated by the Executive Committee and the Executive Risk Committee, is mentioned in BRED's corporate credit policy.

KPI: in 2022, assets under management of SRI (Socially Responsible Investment) funds and, SRI and solidarity-based FCPEs held by BRED clients amounted to €2,476 million, up by more than 19% compared to 2021.
Most of this increase is due 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 and 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 steadily increasing for several years, reaching 9.8% of total investments in 2022, compared to 9.2% in 2021.
The total amount of investments in funds that have defined an ESG policy amounted to more than €280 million in 2022. The 17% increase over the previous year reflects the market trend.
Among these investments, those that specifically support the energy and ecological transition, contributing to climate risk mitigation, increased by 12% year-on-year.

2.11 - Financing the energy transition, green and blue growth

Financing of renewable energy projects with positive environmental and social impacts

Challenge: provide active support to help finance the energy transition and green and blue growth.

KPI: on the BRED social perimeter, the amount of financing for renewable energy production projects was €23.3m in 2022, versus €9.45m in 2021. This increase is attributed to the opportunities that arose in 2022 to support BRED's longstanding clients, in accordance with the policy outlined below.

BRED actively supports the development of renewable energies, including solar, wind, biomass, and methanization, despite the highly aggressive and competitive market. To achieve this, BRED focuses on projects primarily located in French overseas territories, in order to support its longstanding clients or those that offer satisfactory returns due to their complexity or granularity.

KPI: In 2022, BRED provided €154.8 million in financing for infrastructure projects that have a positive impact on the environment and society within its social perimeter.

In addition to financing projects related to the energy transition, BRED is committed to supporting projects with a high ESG impact that are also related to the energy transition. As such, BRED's financing in 2022 included €81.5 million in structured financing with the "Social Loan Principles" label. Additionally, €50 million in financing was provided in Belgium with the aim of reducing the country's reliance on coal-fired power plants and supporting the transition of its energy mix towards renewable energy sources, which are currently still gaining in strength.

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.

The sums collected in the framework of the LDDS make it possible to grant loans for the improvement of the energy performance of housing. In 2022, the production of LDDS loans amounted to more than 21 M€.

Energy renovation work is also financed thanks to the eco-PTZ, whose production in 2022 amounted to 4.45 M€.

2.12 - Our environmental footprint

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.
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.

Carbon 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).

KPI: BRED's annual carbon emissions (scopes 1 to 3, excluding investments and financing), on the BRED corporate scope and French subsidiaries, amounted to 34,121 Teq CO_2 in 2022, down by almost 4% compared with 2019.

KPI: in 2022, these same emissions as a proportion of NBI amounted to 23.1 Teq CO_2 per M€, a decrease of almost 24.5% compared with 2019. This indicator is calculated on the basis of BRED's corporate scope and French subsidiaries.

On 11 October 2022, BPCE signed the EcoWatt charter on behalf of all of the Group's banks, sponsored by the French Ministry of Ecological Transition, and committed to reducing its energy consumption by 10% by 2024.

BRED participates in the climate strategy and commitments published by the BPCE Group in its TCFD 2021 report, and contributes to the BPCE Group's objective of reducing its direct environmental footprint between 2019 and 2024 by implementing its own action plan, which focuses on three areas: reducing the energy consumption of its buildings, and responsible digital technology and mobility.

On the basis of this action plan, BRED's objective is to reduce its CO_2 emissions by 10% between 2019 and 2024.

Our plan for responsible buildings began in January 2022 when BRED established an energy and environment unit in the Real Estate, Security, and Logistics Department (DISL). The unit appointed an energy and environment specialist responsible for implementing an action plan aimed at reducing the energy consumption of buildings over 1,000 square meters by 40% by 2030 and improving the energy efficiency of all BRED sites.

To achieve this goal, DISL has already implemented measures to promote energy efficiency at its Paris and Joinville headquarters, as well as at its network of agencies in the Île-de-France, Normandy, and overseas territories. These measures focus on managing lighting and heating and have been communicated to employees through the intranet. The energy and environment specialist and site maintenance managers monitor and measure the effectiveness of these measures.

Furthermore, BRED is committed to implementing home automation or mini-building technical management throughout its real estate portfolio by 2024. To achieve this goal, €2.3 million has been invested in enabling technical teams to centrally control and harmonize all energy sources remotely.

As a service company, BRED is subject to the service sector decree, and 52 buildings occupied by BRED meet the criteria of the ELAN law. These buildings have been declared on the ADEME's OPERAT platform, but only 16 of them will undergo an energy audit. BRED has commissioned a specialized energy management service provider to conduct the audit of these 16 buildings and deliver a technical report to modulate the objectives. The results of the audits will allow for planning and budgeting of the work needed to reduce BRED's energy consumption by 2024.

In 2022, four buildings located in Martinique and Guadeloupe have already undergone an audit. Additionally, BRED's international sites are also undergoing energy renovations. For instance, the BCIMR has installed solar tiles in its central building to better manage its energy expenditure and participate in environmental protection. This installation is expected to produce about 78 KWH annually.

Our plan for responsible digital technology: BRED is aligned with the BPCE Group's policy to promote the control of the social and environmental impacts of digital technology. In 2020, the BPCE Group signed the Responsible Digital Technology Charter and created a Responsible Digital Sector, aiming to reduce the carbon footprint of its IT by 15% and improve the energy efficiency of its data centers by 10%.

Regarding carbon impact, BRED has identified its first intervention, which focuses on the IT equipment used by its employees. The goal is to optimize the growth of its hardware fleets and control the impact of their use. By 2024, BRED aims to reduce the number of fixed PCs by 86%, in favor of laptops. Moreover, tablets are gradually being phased out from branches, and individual printers, if not essential, are being replaced by network printers.

BRED ensures that it does not leave servers that are not needed running and looks for the most eco-responsible solutions to dispose of its equipment at the end of its useful life. BRED calls on external companies to ensure that this equipment is recycled and has a second use cycle with companies in the adapted sector.

Furthermore, an awareness-raising campaign for its employees on digital eco-actions has started with the "Cyber World Clean Up Day" proposed by BPCE, including file cleaning action and the collection of WEEE (Waste Electrical and Electronic Equipment).

BRED has also published on its intranet the digital eco-gestures to adopt on a daily basis.

In the field of responsible mobility, BRED has implemented a number of initiatives. To manage business travel, the bank has developed a dashboard that shows the mileage by type of transport. The bank's travel policy encourages employees to take the train instead of the plane for shorter distances where possible.

To reduce its carbon footprint, BRED has set a target to convert 20% of its business vehicle fleet to electric vehicles, 30% to rechargeable hybrids and 50% to internal combustion vehicles with no diesel engines by 2024. The bank has also set a target to increase teleworking as an alternative to on-site work, with a goal of enabling 25% of employees to work remotely for 1.5 days per week by 2024.

In addition, BRED aims to reduce the number of kilometers traveled for business travel by 28% for plane and train journeys and by 26% for car journeys between 2019 and 2024. To achieve this goal, the bank has implemented a shared connection system between branches for mail delivery and check collection, which has reduced the number of trips by 40%.

Finally, BRED has identified areas in its Carbon Footprint where it can take significant action. These actions include reducing the weight of shipments by dematerializing paper media and using more eco-friendly modes of transportation.

Biodiversity management is an essential part of environmental policy, just like other dimensions such as reducing the carbon footprint and promoting green products. However, integrating the notion of biodiversity into banking practices is less advanced than factors like greenhouse gas emissions.

In 2019, BRED committed €9m to join the investor round of the Land Degradation Neutrality (LDN) fund managed by Mirova, the BPCE Group's management company dedicated to responsible investment. The objective of this fund, supported by the United Nations, is to restore 500,000 hectares of degraded land worldwide, create 100,000 local jobs, and save 35 million tons of CO2 through agricultural, reforestation, and ecotourism projects. Through this investment, BRED is supporting three projects to restore degraded land in Peru, Indonesia, and Kenya.

Since 2020, BRED has adopted an eco-pasture solution for maintaining its green spaces on its archiving site. The company Greensheep is responsible for the upkeep of a flock of sheep, complying with all health and veterinary regulations.

Waste management and recycling, circular economy: BRED complies with the regulations on recycling and ensures that its subcontractors (almost all companies of the adapted sector) comply with them in terms of prevention, recycling, reuse and other forms of recovery and elimination, as regards:

- of waste from work on its buildings,
- of electronic and electrical waste (WEEE),
- office furniture; light bulbs,
- of refrigerant management,
- office consumables (paper, printers, ink cartridges...).

In 2022, a total of 8.5 metric tons of electronic and electrical waste (WEEE) were recycled in the metropolitan area by ATF Gaia, a company operating in the adapted sector. This initiative also helped to sustain 9 jobs within the community. Through ATF GAIA's efforts, our equipment was reused at a rate of 66.31%, and we were able to avoid emitting 155.84 t CO2 eq.

Management of environmental and social risks: environmental risks are essentially linked to the banking industry's activity. They arise when these criteria are not taken into account in the projects financed by the bank. In France, this consideration is increasingly imposed by law. In addition, companies or equipment presenting a risk for the environment are covered by the ICPE (Installation Classée pour la Protection de l'Environnement) regulations.

For 2022, BRED had no provisions and guarantees for environmental risks in its accounts.

Carbon footprint of financing portfolios
BRED is committed to supporting the Task Force on Carbon Pricing in Europe, as it believes that climate change is a major challenge for the decades to come.

To this end, since 2018, BRED has integrated ESG risk analysis into the decision-making process for loans granted to its large corporate customers, as outlined in paragraph 2-10 of this report.

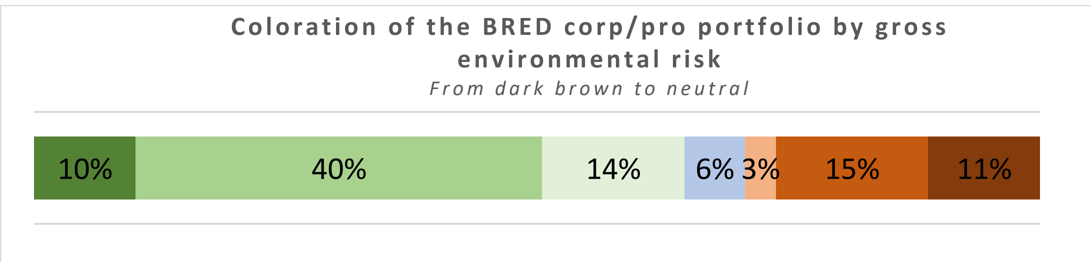
Furthermore, since 2021, the Energy Performance Diagnostic (EPD) rating has been systematically included in housing finance applications. BRED tracks the distribution of its outstanding mortgages by EPD rating using a climate risk dashboard developed by BPCE's risk management department.

At the same time, BRED measures the environmental footprint of its corporate finance portfolios using a two-pronged approach developed by BPCE's Risk Management Department:

- Assess the carbon footprint of portfolios to rank them according to their climate materiality and prioritize alignment work (starting with the most emissive sectors);
- Record in detail the climate impact of assets, projects, and financed clients.

These assessments help to identify corporate clients who need support in their transition challenges and steer their alignment with a Net Zero trajectory proportionate to their carbon emissions in financing.

The breakdown of BRED's gross environmental risks for corporate outstandings in the third quarter of 2022 shows that 89% of the outstandings are located outside of high-emission sectors.



European taxonomy and sustainable activities

The regulatory framework: The European regulation 2020/852, commonly known as the "Taxonomy," establishes a classification of economic activities aimed at assisting investors in identifying sustainable activities. This initiative mandates that financial market participants, companies subject to publishing a non-financial statement (NFRD, which will soon be replaced by the CSRD), and EU Member States disclose information on how their activities align with environmentally sustainable activities as per the European taxonomy while developing measures, standards, or labels for financial products or green bonds. The taxonomy is built around six environmental objectives:

- climate change mitigation,
- adaptation to climate change,
- sustainable use and protection of aquatic and marine resources,
- the transition to a circular economy,
- pollution prevention and abatement,
- protection and restoration of biodiversity and ecosystems.

An activity is said to be "eligible" when it potentially, but not necessarily, contributes to climate change mitigation or adaptation.

To be effectively sustainable, an activity must be "aligned" with the Taxonomy, i.e. it must meet the following three cumulative conditions:

- contribute significantly to one of the six environmental objectives and therefore comply with the technical review criteria defined in delegated acts,
- not have a significant negative impact on the other five environmental objectives ("Do not Significantly Harm": DNSH) and therefore comply with the technical review criteria defined in delegated acts,
- respect minimum social guarantees (human rights, etc.).

To date, three main delegated acts have been published by the European Commission:

- the Delegated Regulation 2021/2139 of 4 June 2021 concerns the criteria for technical examinations that can be used for the first two environmental objectives,
- the Delegated Regulation 2021/2178 of 6 July 2021 contains details on the information to be published according to the types of structures concerned by the taxonomy regulation,
- A Supplementary Delegated Regulation 2022/1214 published on 15 July 2022 relating to the first two climate objectives covers certain activities in the gas and nuclear sectors with regard to climate change mitigation and adaptation.

The regulations provide for a gradual implementation of these assessments.

The Delegated Act 2021/2178 of 6 July 2021 outlines the objective of identifying "eligible" activities for the first two financial years (i.e., 2021 and 2022). As of 1st January 2023, the Supplementary Delegated Regulation 2022/1214 includes gas and nuclear power in the eligible activities. Companies obligated to publish non-financial information (Extra-Financial Performance Declaration - EFPD) in accordance with Article 19a and Article 29a of the Consolidated Directive 2013/34/EU (amended by the NFRD 2014/95/EU) must produce GAR (green asset ratio) sustainability indicators pursuant to Article 8 of the Taxonomy Regulation starting 1st January 2022. For the 2022 financial year, the BPCE Group provided information on the share of eligible activities completed with mandatory information specified in Article 10 of the Delegated Regulation of July 6, 2021 known as "Article 8" of the Taxonomy Regulation.

Additional information on the alignment of eligible activities with climate change mitigation and adaptation objectives can only be provided from 2023 onwards, in compliance with the "Article 8" delegated regulation. The regulation allows for an additional period to gather reliable and necessary information from economic entities to measure performance indicators. Green assets corresponding to Taxonomy-aligned activities are distinguished from eligible assets based on technical criteria and requirements for environmental and social standards. At 1st January 2024, financial companies will have to publish complete reporting, including alignment indicators with the six objectives.

The mandatory GAR

Principles: Article 8 of the Taxonomy Regulation 2020/852 introduces the Green Asset Ratio (GAR) and its derivatives as new key performance indicators (KPIs) to be published. However, derived KPIs are not mandatory for the 2022 publication.

KPIs are published based on the prudential consolidation scope in a FINREP compliant environment. Gross amounts are used systematically, as clarified multiple times in Annex V of Regulation 2021/2178 of 6 July 2021, to avoid any confusion. Book depreciations are not considered, and their value does not need to be indicated.

In 2022, the GAR is calculated as the total value of eligible assets under the taxonomy divided by the total value of covered assets.

Scope of financial assets subject to eligibility analysis: Annex V of Regulation 2021/2178 defines total covered assets, which represent the scope of assets subject to eligibility analysis. The categories of financial assets included in the total covered assets are the following:

- financial assets at amortized cost,
- financial assets measured at fair value through equity,
- investments in subsidiaries,
- joint ventures and associated companies,
- financial assets designated as at fair value through profit or loss and financial assets held for purposes other than trading that are required to be measured at fair value through profit or loss,
- security interests in real property obtained by taking possession.

In accordance with the regulation, the eligibility analysis is defined by a series of exclusions that are specified in Articles 7 and 10 of Regulation 2021/2178. The denominator and numerator are constructed from the institution's balance sheet total from which certain items are removed. For the denominator and numerator of the ratio, the exposures excluded from the covered assets are:

- central administrations, central banks and supranational bodies,
- financial assets held for trading, including derivatives in this portfolio.

Among the assets covered are excluded from the numerator of the ratio:

- hedging derivatives,
- Companies that are not required to publish non-financial information under Directive 2013/34/EU (NFRD),
- interbank demand loans.

Cash and cash equivalents and other assets (goodwill, property, plant and equipment and intangible assets) are excluded from the eligibility analysis but are included in the denominator.

Methodology used: the analysis of the eligibility of financial assets and our ability to justify it led to only the following exposures being included in the mandatory RAG:

- housing loans and energy renovation loans,
- Auto loans to individuals granted from 1st January 2022,
- Exposures on financial and non-financial companies subject to the NFRD for which the eligibility of activities could be obtained,
- Corporate green bonds,
- Financing for housing and other specialized financing for local authorities (housing and equipment allocation) / Public Housing Office (OPH).

Real estate loans to homes and auto loans to individuals have been considered eligible activities regardless of geography.

The identification of counterparties subject to the NFRD has been based on the size of the companies (companies excluding SMEs and PROs) and their geography (Europe). However, the share of eligible activities could not be collected for inclusion in the eligible assets. NRFD firms are therefore not included in the numerator of the RBM.

Non-eligible assets for the taxonomy in the covered assets: only exposures that are subject to eligibility analysis in the numerator and that are found to be ineligible as a result of this analysis are displayed as "non-eligible".
Exposures to financial and non-financial firms subject to NFRD but whose economic activities are not eligible are shown as "not eligible". The same is true for exposures to firms subject to NFDR whose activities could be eligible but for which data could not be collected.

Other assets (e.g., tangible and intangible assets) are excluded from the eligibility analysis. They are, however, included in the denominator of the eligibility ratios.

Alignment policy (requirement of Annex XI of the Delegated Regulation 2021/2178) with the taxonomy regulation:

BRED intends to commit its balance sheet to a long-term strategy of mitigating the climate impact of its activities and the assets it finances, invests or insures.

The publication of the so-called aligned activities from 2024 onwards will enrich its internal climate measures and commitments on green. BRED also takes account of the European taxonomy in the design of its "green" offers and services, and aims to respect the alignment criteria as far as possible.
This requirement imposes a significant collection of relative information; work is underway and should be completed in 2023.

	2022		2021	
In millions of euros	**Amount**	**%**	**Amount**	**%**
Total assets covered - included in numerator and denominator	60,353	53.10%	56,423	71.47%
Total taxonomy-eligible assets in covered assets - GAR	15,234	25.24%	12,811	22.70%
Total non-taxonomy eligible assets in the assets covered	18,003	29.83%	17,019	30.16%

	2022		2021	
In millions of euros	**Amount**	**%**	**Amount**	**%**
Derivative instruments - hedge accounting	759	0.67%	100	0.13%
Interbank demand loans	809	0.71%	3,639	4.61%
Outstanding amounts with financial and non-financial enterprises not subject to Articles 19a and 29a of Directive 2013/34/EU (NFRD)*	22,956	20.20%	20,451	25.91%
Total assets excluded from the numerator	**24,524**	**21.58%**	**24,190**	**30.64%**
Outstanding amounts with central governments, central banks and supranational issuers	45,900	40.38%	12,629	16.00%
Financial assets held in the trading portfolio* (1)	7,414	6.52%	9,894	12.53%
Total assets excluded from the denominator and numerator	**53,313**	**46.90%**	**22,524**	**28.53%**

** The ratios are calculated in relation to the FINREP balance sheet total*

The voluntary GAR

General rules: BRED plans to take advantage of the flexibility provided by regulations and voluntarily publish a Green Asset Ratio (GAR), which will provide a more comprehensive view of companies subject to the Non-Financial Reporting Directive (NFRD) for which eligibility data could not be collected. In this case, BRED will consider all of the exposures of NFRD-compliant companies to be eligible.

However, according to FAQs published by the European Commission in December 2021 and updated in January and October 2022, once a bank chooses an estimate, the information cannot be included in the mandatory Risk-Based Monitoring (RBM) report. Nonetheless, BRED can still publish this information on a voluntary basis.

To estimate the ratio, BRED will use NACE codes (the Nomenclature of Economic Activities in the European Community established by Regulation (EC) No. 1893/2006) published by the Commission and territoriality (excluding exposures outside the EU). As of 31 December 2022, BRED's voluntary GAR ratio is 35%.

Nuclear energy and fossil gas activities

Model 1 - Nuclear and Fossil Gas Activities of the EU Delegated Regulation 2022/1214 is not published this year. Work on the interpretation of the regulation is ongoing.

Model 4 - Economic activities eligible for but not aligned with the taxonomy and Model 5 - Economic activities not eligible for the taxonomy, requested by EU Delegated Regulation 2022/1214, cannot be published in the absence of data availability.

2.13 - Compliance with laws, business ethics and transparency

Anti-money laundering and anti-corruption

Challenge: compliance with regulations and business ethics, fight against corruption and fraud, transparency of financial and non-financial information.

KPI: in 2022, more than **94% of** the employees of BRED social and French subsidiaries (permanent and fixed-term contracts, work-study students excluding trainees) were trained in the fight against money laundering over the last two years. This indicator, slightly down by one point compared with 2021, is close to the target of 100%.
Within the scope of international subsidiaries, 95.3% of the employees of six subsidiaries[24] were also trained.

To combat money laundering and the financing of terrorism, it's crucial for employees to receive training in anti-money laundering. The goal is to ensure that all employees receive training within two years. Additionally, a general training cycle has been added to the bi-annual training schedule. Furthermore, BRED has strengthened its anti-money laundering and terrorist financing (AML/CFT) training program by including a face-to-face module to the e-learning program for new recruits in retail banking sales.

Client account managers and the LCB-FT unit rely on a filtering tool that identifies significant or unusual transactions for analysis. The trigger thresholds for these transactions vary depending on the vigilance score assigned to the client. Politically exposed persons (PEPs) and their relatives, who are at high risk of corruption, are assigned the highest vigilance score.

Moreover, the LCB-FT unit regularly updates a list of countries deemed "sensitive and very sensitive," assigning a high vigilance score to clients residing in these countries. This list is based on assessments by the FATF, the OECD, European and French authorities, as well as the Transparency International ranking, which measures corruption practices in various countries.

Finally, BRED Group is committed to ongoing compliance with anti-corruption legislation. To prevent corruption, numerous measures have been put in place, including:

- Establishing a corruption risk map at the boundaries of its organization, the methodology of which was reviewed in 2022. This exercise makes it possible to identify areas of risk and to implement specific measures and/or controls to ensure optimal control of these risks.
- communicating the Group's Code of Conduct to all employees in order to make them aware of the rules governing transparency and business ethics. The Code of Conduct includes concrete illustrations of prohibited behavior based

(4) BCIMR, BIC BRED, BRED IT, BRED Bank Fiji, BRED Bank Vanuatu, Bank Franco Lao

on the risk scenarios identified by the risk mapping process. Disciplinary sanctions are provided for in the event of failure to comply with the professional rules governing the BRED Group's activities.

- Developing a framework for relations with third parties through the inclusion of anti-corruption clauses in account agreements and contracts with our partners, the evaluation of suppliers with regard to the risk of corruption, as well as the systematic use of an anti-corruption analysis for corporate clients, etc.
- Developing a system for collecting and processing alerts on serious matters, including corruption and influence peddling, is available to employees (including external service providers and occasional employees).
- Implementing an accounting control system that complies with professional standards. The Group's internal control system for accounting information is designed to verify the conditions under which information is evaluated, recorded, retained and available, in particular by guaranteeing the existence of an audit trail within the meaning of the decree of 3 November 2014, amended on 25 February 2021, relating to internal control. In 2020, a Group reference framework of controls contributing to the prevention and detection of fraud, corruption and influence peddling was formalized. In this context, particular attention is paid to donations, sponsorship and patronage.
- Conducting regulatory training on professional ethics and the fight against corruption in the form of e-learning.

As part of the internal control organization, permanent control plans contribute to the security of the system.

Internal control system

In application of the legal compliance charter and in line with the anti-corruption approach adopted within the BPCE Group, BRED has set up several internal control systems.
These devices relate to several issues::

- Financial security: fight against money laundering and terrorism financing and fight against internal and external fraud.
- Ethics: procedure for reporting alerts by employees and procedure for declaring gifts and benefits received by employees in accordance with BRED's internal regulations.
- Transaction Security for sensitive individuals who may have access to sensitive, privileged and confidential information.
- Selection of service providers and suppliers: inclusion in the selection process of criteria and obligations to be respected in the fight against corruption.

For BRED, the fight against corruption is currently carried out by several sectors attached to the bank's Risk, Compliance and Permanent Control Department:

- the internal fraud unit, which investigates acts and transactions of bank employees suspected of taking advantage of the prerogatives attached to their position (credit or management powers), following targeted controls or whistleblowing.
- the Anti-Money Laundering and Financing of Terrorism (AML-FT) unit, which is involved in all client transactions likely to fall within the scope of the 5th AML-FT Directive, with a particular focus on Politically Exposed Persons (French and non-resident).
- ethics and compliance in investment services: ensures the prevention of risks of conflicts of interest between the bank's various activities and those carried out on behalf of clients. The compliance officer has a set of procedures, particularly for staff in charge of client relations, defining the rules and practices of "good conduct" to be observed in the exercise of their profession.

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.

2.14 - Security and confidentiality of data

Data protection
Challenge: protect the IT systems and personal data of customers and employees.
KPI: in 2022, within the scope of BRED parent company and French subsidiaries. almost 80% of employees have been trained in knowledge of European data protection regulations over the last three years, with a target of 100%. This indicator is down by 3 points compared with 2021.

In 2021, BRED has created a Data Protection Department reporting directly to the Head of Risk, Compliance and Permanent Controls. This organizational change demonstrates the importance BRED recognizes ***for*** data protection. The protection of personal data, particularly that of its customers, is a major issue for BRED. Personal data is neither sold nor shared outside BRED and is used exclusively to meet the needs of its customers and to offer them appropriate products and services.

To ensure effective governance of data protection, BRED has established a network of approximately fifty Personal Data Protection Representatives (PDPR) appointed within each business unit, and approximately twenty data protection representatives within its subsidiaries. All BRED employees receive regular training on the fundamental principles of the RGPD, while the referents, correspondents, and project managers receive advanced training. To comply with the RGPD, BRED has appointed a Data Protection Officer (DPO) within its data protection department, which is accountable to the French supervisory authority, the CNIL.

BRED has formulated its policy on personal data protection, which includes essential principles such as transparency, informing individuals, and taking into account privacy protection from the outset and by default. BRED is dedicated to responding accurately and quickly to all requests from concerned parties.

Information system security

Committed to ensuring a high level of security in its banking relationships with customers, BRED has implemented systems to secure access to banking transactions and data on its BRED Connect web application and mobile applications.

To achieve this, BRED has developed a two-line defence system to protect its information system. The first line of defence is an operational response based on a Security Operation Centre (SOC), authorisation management system, and security teams responsible for implementing the necessary security measures to protect BRED's information assets.

The second line of defence is provided by the "CISOs" (Information Systems Security Managers), who implement governance, risk, and compliance diligence in terms of information systems security. A General Inspection Department provides the third line of defence, implementing periodic control on the Information Systems Security systems.

In addition, BRED has implemented a system for classifying its IT assets, identifying the most sensitive information assets and implementing appropriate security and continuity measures to respond to various cyber threats. Annual robustness tests are carried out on all BRED Group IT infrastructures, with recurrent functional tests conducted through a Bug Bounty approach. Recommendations from these assessment systems are the subject of corrective action plans monitored by the IS Security Governance.

Moreover, BRED conducts regular information system security awareness campaigns among its employees. In 2022, BRED initiated a process to strengthen its Cyber rating (SecurityScoreCard) to highlight the robustness of its exposed internet environments that could impact its image.

3 - METHODOLOGY 202 2

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.

BRED relies on the analysis of extra-financial risks proposed by BPCE, which takes into account for its annual update:

- 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.
- Harmonization 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 extrafinancial 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 225-1021 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 2022 to 31 December 2022.
When physical data was not exhaustive for the reporting scope or the period, the authors carried out order-ofmagnitude calculations to estimate the missing data using average ratios supplied by BPCE. No estimates were made for 2022.

3.4 - Reporting scope

The scope of the declaration of extra-financial performance,was determined based on data availability.

For a majority of indicators (10 out of 16), it focuses on BRED's core business, corresponding to the scope of consolidation extended to the French subsidiaries.

However, BRED has extended the scope to its foreign subsidiaries.
Thus, eight foreign subsidiaries (Banque Franco Lao Ltd, BCI Mer Rouge, BRED Bank Vanuatu, BIC BRED Suisse, BRED IT, BRED Bank Cambodia, BRED Bank Fiji, BRED Bank Solomon) were included in the calculation of all social indicators and in the calculation of the societal indicator relating to the number of local business units.
Six foreign subsidiaries (Banque Franco Lao Ltd, BCI Mer Rouge, BRED Bank Vanuatu, BIC BRED Suisse, BRED IT, BRED Bank Fiji) were included in the calculation of the governance indicator, relating to the proportion of employees trained in anti-money laundering. Data from BRED Bank Cambodia and BRED Bank Solomon will be included in 2023.

Work is underway to include foreign subsidiaries in the environmental indicators.

For information, the subsidiaries in existence at 31 December 2022 that remain to be integrated, and which represent less than 1% of BRED's consolidated payroll, are as follows: EPBF Brussels, NJR Invest- Brussels, BRED China Ltd Chongquing - China, IRR Invest - Brussels.

Subsidiaries accounted for by the equity method are not included in the scope of consolidation.

3. 5 - Methods of calculating the 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 local retail units (locations open to the public: agencies, business centers, wealth management centers, etc.) located in our territories	BRED parent company	This indicator replaces the one based on the share of "active" local suppliers.
				International subsidiaries	
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.	BRED parent company	
			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.		
2.5	Accessibility of services and inclusive finance	Percentage of branches accessible to people with reduced mobility	Number of branches in mainland France and the French overseas territories that are accessible to people with reduced mobility (PRM) as a proportion of the total number of branches in mainland France and the overseas territories, excluding sites that are not accessible to PRM.	BRED parent company	This indicator replaces the one based on the annual production of microcredits
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.	BRED parent company and French subsidiaries	
				International subsidiaries	This indicator is calculated, this year, on the international 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.	BRED parent company and French subsidiaries	
				International subsidiaries	This indicator is calculated, this year, on the 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.	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	
				International subsidiaries	This indicator is calculated, this year, on the 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 solidaritybased 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	
		Amount of funding for projects with positive environmental or social impacts (M€)	Amount of all projects with an environmental or social impact, which BRED has arranged or financed, authorized during the year (Large companies scope).	BRED parent company	New KPI
2.12	Our environmental footprint	Global annual CO2 emissions (in TeqCO2)	Annual global greenhouse gas emissions calculated in the sectoral carbon footprint tool developed by BPCE and ADEME and included in our carbon footprint. Expressed in Tonne CO2 equivalent.	BRED parent company and French subsidiaries	New KPI
		TeqCO2 /NBI	Tonne CO2 equivalent calculated based on BRED BGES footprint analysis, calculated for Scopes 1 to 3, relative to NBI in M€ Tonne CO2.		CO2 emissions are no longer related to workforce but to NBI in order to take into account external growth
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	
				International subsidiaries	Change of scope: this indicator is calculated, this year, on 4 international subsidiaries (BCIMR, BIC BRED, BRED IT and BRED Bank FIJI)
2.14	Data security and confidentiality	Proportion of GDPRtrained 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 2022.
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 this person is still present on 31 December 2022). Similarly, a person employed under a fixedterm 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) 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. 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 2022 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 assessment of assets that qualify for the taxonomy is a new process, and the results depend partly on how regulatory texts are interpreted by the institutions that assess them. These texts are supported by recent regulations, and some specific details were published in February 2022. However, there are still some inaccuracies in how the methods are applied. BRED acknowledges that they have made efforts to comply with the requirements as much as possible, but the methods they use may change.

Pollution prevention: BRED's activities mean that they are not affected by issues related to noise pollution or the amount of floor space they occupy. This is because their offices and commercial premises, often spanning several floors, have a smaller floor space than industrial activities spread over the same area. The same applies to issues related to discharging pollutants into water, air, and soil due to the nature of their activities.

Water management: The bank's water consumption and discharge, other than for domestic use in its offices or branches, do not have a significant impact. They are also not subject to local water supply and consumption restrictions.

The indicator for greenhouse gas emissions per employee is now reported relative to the Gross National Product (GNP). Additionally, a new indicator was added in 2022, which reports the overall annual greenhouse gas emissions and their changes compared to 2019.

3.8 - Clarifications regarding societal data

In 2022, the risk relating to the "socio-economic footprint and the implications for the life of the territories" was assessed through an indicator based on the number of local commercial units.

A commercial unit refers to a location that serves the public, such as a branch, business center, wealth management circle, professional practice, or special branches (such as Bred Premier, Bred Direct, Bred Espace, and wealth management).

The indicator that measures the intensity of customer relationships is based on analyzing the evolution of our individual and professional customers' status from "Active equipped insured," "Active equipped," or "Active" to "Active equipped," "Active," or "Inactive."

The SRI funds reported are those listed in the Novethic database, including funds that have obtained the Novethic SRI label and those that have not received the label.

The indicators related to customer protection and offer transparency measure the rate of complaints for "Information - advice, with a favorable response" and "unauthorized transaction with a favorable response" in relation to the total number of complaints processed in year N.

In 2022, the risk related to "Accessibility of supply and inclusive finance" was measured by the proportion of branches that are accessible to people with reduced mobility (PRM).

The DPEF mentions any scope limitations and specificities as they arise.

3.9 - Specificity of 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 2022
BRED Banque Populaire
18, quai de la Rapée , 75012 Paris
This report contains 9 pages

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 ITO ("third party") , accredited by COFRAC under number 3-1884 [3] , we have carried out work in order to provide a reasoned opinion expressing a moderate level of assurance on the historical information (whether observed or extrapolated) of the consolidated non-financial performance statement , prepared in accordance with the entity's procedures (hereinafter the "Reporting Criteria"), for the year ended 31 December 2022 (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, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Conclusion

Based on the procedures we carried out, as described in the "Nature and scope of our work" section, and on the information we obtained, nothing has come to our attention that causes us to believe that the Statement 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 methodological note, the scope of reporting has been extended to include foreign subsidiaries for the main social indicators. The Group has yet to extend the scope of its environmental indicators internationally.

[3] Cofrac Inspection accreditation, n°3-1884, scope available on the website www.cofrac.fr

BRED Banque Populaire
Report by the statutory auditor, designated as an independent third party, on the consolidated statement of non-financial performance
Paris-La Défense, 17 April 2023

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 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.

Responsibility 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 nonfinancial 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);
- to prepare the Report by applying the Entity's Baseline as mentioned above; 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 the Board of Directors.

Responsibility of auditor appointed OTI

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.

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 place 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 particular the technical opinion of the CNCC, *Intervention du Commissaire aux Comptes, Intervention de l'OTI - Déclaration de Performance Extra-financière*, in lieu of an audit programme, and the international standard ISAE 3000[4] .

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 November 2022 and April 2023 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.

Nature and scope of the work

We planned and performed our work taking into account the risks 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 conclusion:

- 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;

[4] ISAE 3000 (revised) - *Assurance engagements other than audits or reviews of historical financial information*

BRED Banque Populaire

Report by the statutory auditor, designated as an independent third party, on the consolidated statement of non-financial performance

Paris-La Défense, 17 April 2023

- 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 between 74% and 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, 17 April 2023

Non-financial performance statement

BRED Banque Populaire
Report by the statutory auditor, designated as an independent third party, on the consolidated statement of non-financial performance

Paris-La Défense, 17 April 2023

KPMG S.A.

Ulrich Sarfati	Anne Garans
Associate	*ESG Expert*

Appendix

Qualitative information (actions and results) considered most important
Promotion of sports activities Policy
Actions promoting professional integration and access to employment
Employee training efforts to develop skills
Actions in favor of the integration of disabled people
Financing mechanisms for green growth and energy transition
Funding schemes for social impact projects
Procedures in place for good business conduct and the fight against corruption
Result of the policy to promote local purchases
Measurement devices and results of customer satisfaction surveys
Partnerships Established to ensure accessibility of products and services to all customers
Cybersecurity measures in place

Key performance indicators and other quantitative results considered most important
Percentage of employees trained in anti-money laundering
Percentage of employees trained in GDPR
Share of women in the management workforce
Staff turnover rate
Sickness absenteeism rate
Percentage of employees who attended at least one training course during the year
Amount of financing for renewable energy production projects by large companies (€M)
Number of local business units
Proportion of customers whose relationship with BRED is decreasing
Percentage of customer complaints for "information and advice" reasons with a favorable response
Percentage of customer complaints for "unauthorized transaction" reasons with a favorable response
Percentage of branches accessible to people with reduced mobility
Proportion of corporate credit files that include an analysis of ESG risks
Growth in outstanding loans

7

General meetings

ORDINARY GENERAL MEETING OF 31 MAY 2023

AGENDA

1. Management report by the Board of Directors for the year ended 31 December 2022 and reports by the Statutory Auditors on the annual and consolidated financial statements.

2. Approval of the financial statements for the year ended 31 December 2002. Discharge of the Board of Directors.

3. Approval of the consolidated financial statements for the year 2022. Discharge of the Board of Directors.

4. Appropriation of FY 2022 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 (Mr. Bruno GIORGIANNI).

9. Renewal of the term of office of a director (Mr. Cyril BARTH).

10. Renewal of the mandate of the cooperative auditor and deputy.

11. Renewal of the mandate of a Statutory Auditor.

12. Appointment of a Statutory Auditor.

13. Non-renewal of the mandate of the alternate auditors.

14. Delegation of authority to the Board of Directors to allow the Company to buy back its cooperative shares.

15. 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 financial statements for the year 2022 (1st and 2nd resolutions)

Your Board asks you to approve its management report as well as the annual individual company and consolidated for the year ended 31 December 2002.

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 €158,558,986.23, you are firstly asked, taking account of the capital increases made in 2022, to assign the legal reserve up to 5% of the profit for the year, i.e. €7,927,949.31.

Given that the retained earnings account shows a positive balance of € 110,000,000, the distributable profit amounts to € 260,631,036.92. We propose that you proceed as follows:
- pay interest on cooperative shares at a rate of 2.50% of the average par value of cooperative shares in 2022, i.e. €0.263 on each of the shares with rights accruing from 1st January 2022, i.e. a total amount of €37,884,972.76;
- allocate 112,746,064.16 € to 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%, i.e., overall taxation 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 2023. 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)
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
2021	142,871,707	€20,494,050,01	€20,494,050,01

(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 2022 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 (5th 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 167 people for the year 2022.

Given the deferred payment of the variable component of these staff members' compensation, as required by European Directive CRD III, the total compensation package actually paid in 2022 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 2022 amounted to €24,893,212. This amount includes the remunerations established for 2022, the non-deferred variable remunerations paid in 2022 in respect of financial year 2021, and the deferred variable remunerations paid in 2022 in respect of previous fiscal years.

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 2023 financial year at 955,000 euros.

Composition of the Board of Directors (7th and 8th resolutions)

We propose that you ratify the appointment decided by the Board of Directors of Mr. Bruno GIORGIANNI as director on a provisional basis. This mandate will end at the end of the General Meeting called to approve the financial statements for the year 2024.

In addition, the mandate of a member of your Board of Directors expires on inclusion of this Meeting. We ask you to approve the renewal for a period of six years to expire on conclusion of the General Meeting called to approve the financial statements for the year 2028, the mandate of Mr. Cyril BARTH.

Information on these two directors is provided below (Article R225-83 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.

Cooperative auditor (9th resolution)

The mandate of the incumbent cooperative auditor and that of his alternate expire at this meeting. We propose that you renew the mandates of Mr. Étienne MADRANGES, as principal cooperative auditor, and of Mr. Philippe RADAL, as substitute cooperative auditor, for a period of five years, expiring at the end of the General Meeting called to approve the financial statements for the year 2027.

Statutory Auditors' mandates (10th and 11th resolutions)

The mandate of your Statutory Auditor, KPMG, expires at this Meeting. We propose that you renew it for a period of six financial years.

We also propose that you appoint DELOITTE ET ASSOCIÉS as principal Statutory Auditors for a period of six years, replacing Pricewaterhouse Coopers.

These mandates will expire at the end of the General Meeting called to approve the financial statements for the year 2028.

Non-renewal of the mandates of the alternate auditors (12th resolution)

The mandates of the alternate auditors, KPMG AUDIT FS1 and Etienne BORIS, expires at this meeting and it is proposed that they not be renewed. Pursuant to Article L 823-1 of the French Commercial Code, the appointment of an alternate auditor is only required if the statutory auditor is a natural person or a one-person company.

Authorization to the Board of Directors to allow the company to acquire its own shares (13th resolution)

The thirteenth resolution aims to grant the Board of Directors the authority to allow BRED to buy up to 10% of the Company's capital, which equals a maximum of 15,968,014 shares, following the provisions of Article L.225-209-2 of the French Commercial Code.

The shares thus purchased by BRED should, within five years of their acquisition, be offered to members who express their intention to purchase them in the course of a sale organized by the bank, within three months of each annual general meeting.

Powers for formalities (14th resolution)

Finally, the fourteenth 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 parent 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 year ended 31 December 2022, the members approve the said annual financial statements as presented to them, as well as the transactions shown in these statements or summarized in these reports.

They give full discharge to the Board of Directors for its management until 31 December 2022.

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 2022 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 2022.

Third resolution: allocation of income and determination of interest to be paid on the cooperative shares

The members note that a profit of €158,558,986.23 was recorded in 2022 and resolve to allocate it as follows, in accordance with the proposals of the Board of Directors:

(In euros)

Profit for the financial year	158,558,986.23
Allocation to the legal reserve	- 7,927,949.31
Retained earnings	110,000,000.00
Distributable Profit	260,631,036.92
Interest on cooperative shares	- 37,884,972.76
Allocation to other reserves	112,746,064.16
The balance, i.e. To be carried forward.	110,000,000.00

On a proposal from the Board of Directors, the General Meeting decided to provide, for the financial year 2022, an interest payment of €0.263 for each dividend-bearing cooperative share from 1 January 2022.

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 2023. 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 the rebate of 40% (1)
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
2021	142,871,707	€20,494,050.01	€20,494,050.01

(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: Statutory Auditors' special report on agreements and undertakings covered by 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 2022 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 €24,893,212.

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 €955,000 for the year 2023;
- 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. Bruno Giorgianni as Director by the Board of Directors on 3 October 2022, to replace Mr. Georges Tissie.

Mr. Bruno GIORGIANNI will hold office for the remainder of his predecessor's term, i.e. until the end of the General Meeting called to approve the financial statements for the year 2024.

Eighth resolution: renewal of the term of office of a director

The General Meeting renews the mandate of Mr. Cyril BARTH as Director for a period of six years.

This mandate ends at the end of the General Meeting called to approve the financial statements for the year 2028.

Ninth resolution: renewal of the mandate of the cooperative auditor and his substitute

The General Meeting renews, for five financial years:

- Mr. Étienne MADRANGES as principal cooperative auditor,
- Mr. Philippe RADAL as alternate cooperative auditor.

These mandates will expire at the end of the General Meeting called to approve the financial statements for the year 2027.

Tenth resolution: Renewal of the Statutory Auditor

The General Meeting renews the appointment of KPMG as statutory auditor for a period of six years.

This term of office will expire at the end of the General Meeting called to approve the financial statements for the year 2028.

Eleventh resolution: appointment of a Statutory Auditor

The General Meeting appoints DELOITTE ET ASSOCIÉS as Statutory Auditor for a period of six financial years, replacing the firm Pricewaterhouse Coopers.

This mandate will expire at the end of the General Meeting called to approve the financial statements for the year 2028.

Twelfth resolution: non-renewal of the mandate of the alternate auditors

The General Meeting decides not to renew the mandates of KPMG AUDIT FS 1 and Mr. Etienne BORIS as alternate auditors.

Thirteenth 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 of 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 number of 15,968,014 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.

Fourteenth 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

The statutory auditors' special report on regulated agreements will be inserted here

BRED BANQUE POPULAIRE

Statutory Auditors' special report on regulated agreements

General Meeting called to approve the financial statements for the year ending 31 December 2022

RATIFICATION OF THE APPOINTMENT OF A DIRECTOR

(Article L.225-115 3rd of the French Commercial Code)

Bruno GIORGIANNI

Main role: *Public Affairs and Security Director, and Chief of Staff to the Chairman and CEO of Dassault Aviation*

End date Of mandate: General Meeting 2025 ***Number of cooperative shares held:*** 100 ***Date of birth:*** *17* April 1966	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire • Director of COFIBRED (Compagnie Financière de la BRED). ***Mandates or positions outside BRED Banque Populaire Group*** • Member of the GIFAS-CIDEF Defense Committee

REAPPOINTMENT OF A DIRECTOR

(Article L.225-115 3° of the French Commercial Code)

Cyril BARTH

Main Role: Chariman of CYRALAB, Vocational training center

End date of mandate: General Assembly 2023 ***Number of shares held:*** 245 ***Date of birth:*** 11 March 1971	***Mandates or functions within BRED Banque Populaire Group*** • Director of BRED Banque Populaire (co-opted on 6 December 2021). ***Mandates or positions outside BRED Banque Populaire Group*** • Chairman of SAS CYRALAB, since 2019 • Representative of CYRALAB as Chairman of SCYFCO SAS, vocational training center • Chairman of SAS France Défense Développement, since 2019 • Chairman of COHERENCE SAS, since 2019 ***Other positions or mandates held over the past five years*** • Associate Director at CYRALE Management • Commander in operations within the Ministry of Defense

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 2023

Olivier KLEIN
Chief Executive Officer of BRED

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BRED Banque Populaire – Société anonyme coopérative de banque populaire régie par les articles L.512-2 et suivants du Code monétaire et financier et l'ensemble des textes relatifs aux Banques Populaires et aux établissements de crédit, au capital de 1 681 431 905,79 euros – Siège social : 18, quai de la Rapée - 75604 PARIS Cedex 12 – 552 091 795 R.C.S – Paris - IDENT.TVA FR 09 552 091 795 – Intermédiaire en assurances immatriculé à l'ORIAS sous le numéro 07 003 608.

GROUPE BPCE