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RISK MANAGEMENT AND COMPLIANCE MONITORING CARRIED OUT BY BRED GROUP

- 1. RISK AND COMPLIANCE MANAGEMENT SYSTEM
- 2.1 TYPES OF RISKS
- 2.2 GROUPE BPCE RISK FACTORS
- 3. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY
- 4. CREDIT AND COUNTERPARTY RISKS
- 5. MARKET TRANSACTION RISKS
- 6. STRUCTURAL BALANCE SHEET RISKS
- 7. OPERATIONAL RISKS
- 8. NON-COMPLIANCE RISKS
- 9. PERSONAL DATA PROTECTION
- 10. SECURITY RISKS AND OPERATIONAL RESILIENCE
- 11. EMERGING RISKS
- 12. ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS
- 13. MODEL RISKS

1. RISK AND COMPLIANCE MANAGEMENT SYSTEM

The risk management function and the compliance certification function ensure, among other tasks, the permanent control of risks and compliance.

The Risk division and the Compliance department oversee the effectiveness of the risk management system. They ensure the assessment and prevention of risks, the development of the risk policy integrated into the management policies of operational activities and the permanent monitoring of risks.

Within BPCE's central institution, the Risk division (Group Risk division - DRG) and the Corporate Secretary's office (Group Corporate Secretary - SGG) in charge of compliance, security and permanent controls ensure the consistency, homogeneity, effectiveness and comprehensiveness of risk measurement, monitoring and control. These divisions are responsible for the consolidated risk management of the Group.

The missions of the latter are carried out independently of the operational departments. Its operating procedures, particularly in terms of business lines, are set out in the Group's Risk, Compliance and Permanent Control Charter, approved by the Management Board of BPCE on December 7, 2009, the last update of which was in December 2021, in line with the Ministerial Order of November 3, 2014, amended on February 25, 2021, dedicated to internal control. The Risk division and/or the Compliance department of our institution reports to it by a strong functional link.

Risk governance in BRED Group

The Risk, Protection and Control department (DRPC) and the BRED Corporate Secretary's Office in charge of Compliance report hierarchically to the Chief Executive Officer and functionally to the Group Risk division, and to the Group Corporate Secretary's Office in charge of compliance and permanent controls.

The Risk, Protection and Control department covers all risks: credit risks, financial risks, operational risks, climate risks, model risks as well as cross-functional risk management and control activities.

The Corporate Secretary's Office covers non-compliance risks.

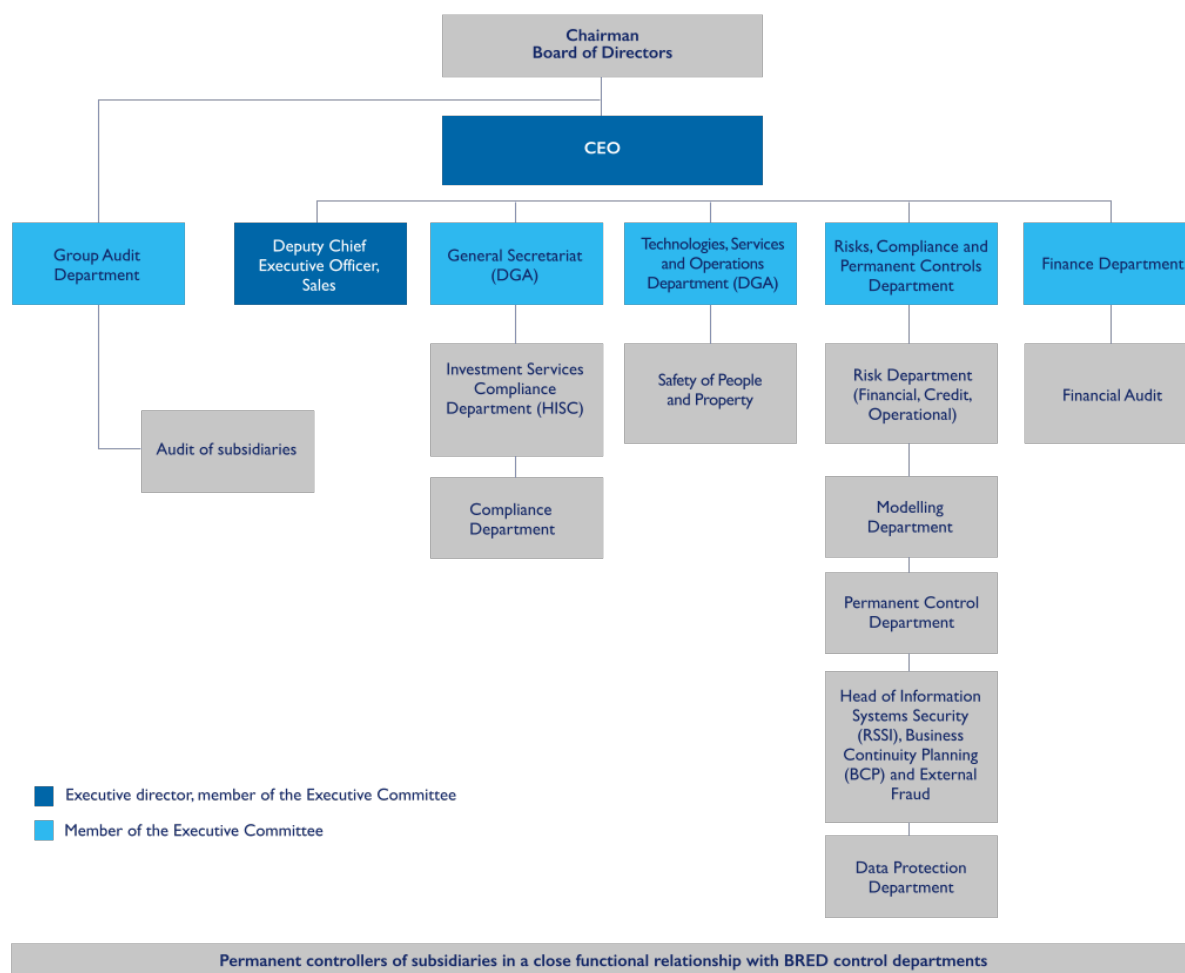
In accordance with Article 75 of the Ministerial Order of November 3, 2014, as amended on February 25, 2021, they together measure, monitor and manage risks.

To ensure their independence, the risk and compliance functions, which are separate from the other internal control functions, are independent of all functions carrying out commercial, financial or accounting transactions.

As part of the risk management function, the principles defined in the Group Risk, Compliance and Permanent Control Charter are all applied within the institution. Thus, independently, the Risk, Protection and Control department as well as the Corporate Secretary's Office monitor the proper application of risk measurement standards and methods, in particular limit systems and delegated schemes. They ensure that the principles of the risk policy are respected as part of its second-level permanent controls.

Executive management ensures that the risk management systems put in place are appropriate to the institution's risk profile and the business strategy, in accordance with the regulations concerning the prudential requirements applicable to banks and investment firms (European directives CRR2 and CRD4).

Organization of the internal control system of BRED Group at December 31, 2024



Consolidated control

One of the fundamental principles of internal control, as stipulated by regulations, concerns the completeness of its scope. This control applies to all types of risks and to all consolidated BRED Group entities, both banking and non-banking, whether they operate in France or abroad.

Internal control within the subsidiaries is in particular structured around the following items:

- the supervisory body, as well as the executive management for the banking entities of each of the subsidiaries, in accordance with the requirements of banking regulations;
- periodic controls, which is carried out by BRED's Internal Audit department and, where applicable, by the local audit department, in close collaboration with BRED's Internal Audit department, in accordance with internal audit standards;
- permanent controls carried out within the subsidiary in close collaboration with BRED's second-level permanent control functions, as part of BRED Group's consolidated risk monitoring system.

Aligning controls with risk types and the auditability of controls

Evaluating the adequacy of the controls at various levels of risk requires:

- the use of systems, methods and tools to measure and monitor risks effectively;
- the provision of appropriate and sufficient resources, particularly in terms of personnel, both quantitatively and qualitatively, to ensure adequate risk management.

Auditability is based on:

- the presence of clear organizational charts, precise definitions of functions and well-established delegations of authority;
- the existence of comprehensive and precise operating procedures covering all activities. These procedures must detail responsibilities and types of control and be easily searchable;
- the definition of reporting lines, the establishment of whistleblowing systems and the obligation to report, thus ensuring effective transparency and traceability.

Proportionality of control systems

The control systems are adapted according to the intensity, frequency and nature of the risks associated with the activities carried out by BRED Group. This implies that the controls are calibrated to precisely match risk levels, thus ensuring effective and efficient management without excess or insufficient control measures.

Application of the principle of subsidiarity

Internal control systems are implemented by using the principle of subsidiarity, which allows the risk management and compliance function staff, as needed, to count on:

- the implementation of permanent control systems at all the Group's establishments and the analysis of the results of these controls at local and consolidated levels;
- the follow up of the first-level permanent control results by the second-level monitoring staff, both carried out independently of each other;
- the permanent control monitoring staff sharing the results of their controls.

Subsidiarity is reflected in the distribution of work between the various players within the same sector, whether they operate at the local, consolidated or central institution level, thus optimizing the effectiveness and consistency of controls.

1.1 Internal control players

Executive Management

Under the supervision of the Board of Directors and its specialized committees, Executive Management is responsible for the Group's internal control system as a whole.

As such, it defines and implements the internal control system in compliance with the requirements defined by BPCE and with applicable standards. It regularly monitors that operations run properly and ensures the quantitative and qualitative adequacy of the staff and tools assigned to permanent control and periodic control with regard to:

- the kind, the volume and the scope of the activities followed;
- the size of the company;
- the locations;
- the way the operations are handled (externalized activities);
- the various kinds of risk it is exposed to and their development;
- the regular developments of the regulatory framework.

Executive Management ensures that the Board of Directors and specialized committees receive information.

The Board of Directors

In accordance with the guidelines issued by the European Banking Authority (EBA) on internal governance, the Board of Directors must:

- periodically assess the effectiveness of the institution's internal governance framework and take appropriate measures to address any weaknesses detected;
- oversee and monitor the consistent implementation of the strategic objectives of the institution's organizational structure and risk strategy, including its risk appetite and risk management framework;
- check that the institution's risk culture is implemented consistently;
- oversee the implementation and upholding of a code of conduct to detect, manage and mitigate actual and potential conflicts of interest;
- oversee the integrity of financial information and financial reporting as well as the internal control framework, including an effective and sound risk management framework;

- ensure that the heads of internal control functions are able to act independently and may express their concerns and inform the Board directly, where applicable, when the risk of adverse developments affects or is likely to affect the institution;
- monitor the implementation of the internal audit plan, after consulting with the Risk and Audit Committees.

To this end, the Board of Directors relies on several specialized committees.

The Audit and Accounts Committee and the Risk Committee express an opinion on the quality of the internal control work carried out, verifying in particular that the consolidated risk measurement, monitoring and management systems are consistent, and make recommendations whenever it considers additional action should be taken in this regard.

In accordance with the Ministerial Order of November 3, 2014, as amended on February 25, 2021, the Remuneration Committee defines the principles of BRED's remuneration policy and verifies its implementation.

In accordance with Articles L.511-98 *et seq.* of the French Monetary and Financial Code, the Appointments Committee is responsible for implementing the process for selecting candidates qualified to sit on the Board, overseeing the Board's assessment and, more generally, assisting the Board of Directors concerning any corporate governance matters.

Line managers (first level)

All of the Bank's operational departments are responsible for the first level of control, which is the essential basis of the control system. Each employee contributes to this first-level permanent control system through self-checking, using controls integrated into operational procedures as well as automated controls in the processing of transactions. In addition, line managers carry out first-level controls 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 management of potential operational, credit, market, interest rate, custodial, liquidity and settlement/delivery risks and risks for IT and real property projects, investments and financial transactions and activities for which they are responsible, in particular by the appropriate handling of new activities, new products or changes that affect how these activities operate, as well as risk limits defined by the Bank, including at the initiative of the operational department;
- first-level control – a control plan at the first level is established for this reason – and of the reporting of shortcomings through their hierarchy, as well as after the control functions that may be involved;
- the responses to be diligently given to the requests for information from permanent and periodic control departments, notably when they emanate from requests made by prudential control authorities or from financial markets;
- drawing up corrective action plans whenever necessary (to address issues identified by the department itself or by permanent control or periodic control) and implementing them within a reasonable time period.

Independent permanent control functions (second-level)

The main responsibilities of the functions responsible for risk, compliance and permanent controls are:

- contribute to good governance in terms of risk management. This includes the development of policies and risk appetite framework, as well as ensuring a good level of information for the Board of Directors, the executive management, the supervisory authorities and all employees. This mission is essentially preventive;
- ensure risk assessment using appropriate tools and indicators;
- ensure the proper functioning of risk management systems through:
 - continuous risk monitoring (analyses, monitoring indicators and limits);
 - the performance of permanent controls.

Within the Risk, Protection and Control department, the second-level permanent control stakeholders are:

- the Risk division, responsible for monitoring and managing credit risk, model risk, financial risk (including market risk) and operational risk (including model risks);
- the Permanent Control department, an independent function in charge of organizing and monitoring the Group's permanent control system. It relies on dedicated second-level controllers;

- the Information Systems Security (ISS), Business Continuity (BCP) and External Fraud department is responsible for BRED Group's information systems security and business continuity plans. It oversees the implementation of the regulatory framework and ensures second-level control of ISS and BCP activities. This department also handles external fraud;
- the Data Protection department, which ensures in particular 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 to the Finance department, the Financial Audit department coordinates and promotes the production of reliable and high-quality financial and accounting information among the Group's finance functions *via* an internal control system. It reports functionally to the Risk, Protection and Control department.

Within the Corporate Secretary's office:

- the Compliance department's main role is to control the risk of legal, administrative or disciplinary sanctions, significant financial loss or reputational damage arising from any breaches of the laws or regulations that apply to banking and insurance activities, of professional and ethical standards, or of instructions issued by the executive body in relation to such matters;
- the Investment Services Compliance department ensures the proper application of the AMF General Regulation, including provisions on the fight against market abuse, compliance with rules on ethics and professional conduct and the prevention of corruption and internal fraud.

The Safety of Persons and Property function reports to the Information Systems department. It determines the rules relating to the safety and security of persons and property and ensures or supervises (as appropriate) implementation and maintenance. It manages and coordinates second-level controls.

The role of second-level controllers is to prevent and control risks, in particular by ensuring that relevant first-level controls are carried out within the operational departments and subsidiaries. In support of their work, they indicate the necessary corrective actions to the competent hierarchies, unless they have already established appropriate action plans. Second-level permanent control recommendations, as well as recommendations from periodic control, must be implemented within a reasonable time frame.

Within this framework, the second-level controllers are responsible for updating the risk management system and for implementing the Internal Control Charter. The status of the permanent control system and of BRED Group's risk management system are regularly reported to Executive Management as well as to the Board Risk Committee and the Board of Directors.

When necessary, the Director of Risk, Protection and Control, the Head of Compliance and the Head of Investment Services Compliance may request access to the Board of Directors and its specialized committees, particularly the Board Risk Committee, without having to obtain authorization from General Management and/or the executive management. The Head of Risk, Protection and Control is invited to attend all Board Risk Committee meetings of BRED Group subsidiaries.

Periodic control (third-level)

Periodic control is exercised by Internal Audit, which covers all BRED Group's activities, including those which are outsourced. This also includes subsidiaries.

Audit carries out tasks recorded in the annual audit plan, previously undergoing Groupe BPCE's Internal Audit and having been validated by Executive Management and the Risk Committee for BRED's Board. It is also presented to the Board of Directors for information.

In the framework of duties set forth in Article 17 of the Ministerial Order of 3 November 2014, as amended on February 25, 2021, Internal 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. Internal 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 five-year audit plan using a risk-based approach.

To achieve this objective, Internal 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's Internal 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 Internal Audit may ask to consult the Board of Directors or any of its specialized committees without first seeking authorization from the executive management. The Head of Internal Audit is invited to all Board Risk Committee meetings of BRED Group subsidiaries.

1.2 Dedicated resources

The Risk, Protection and Control department and the Compliance and Investment Services Compliance department of BRED represented 146.8 FTEs (full-time workers) at December 31, 2024.

Their organization mainly includes six specialized functions by risk area, mainly: credit risk, financial risk, market risk, operational risk, model risk and non-compliance risk, in addition to cross-functional activities such as permanent control, data protection and functions related to business continuity, information system security and fraud.

Structuring decisions in terms of risk and compliance are taken by the Executive Risk Committee and/or equivalent committees in charge of managing all risks according to the institution's organization.

This governance is responsible for defining the institution's major risk guidelines (limits, risk policies, delegated charters, etc.). It regularly reviews the main credit, operational and financial risks of our institution.

Coordination of internal controls

The cross-functional nature of the control functions is achieved through umbrella committees, such as the Control Functions Coordination Committee (CFCC), and through the regular exchange of information between the various control functions.

In addition, the Risk, Protection and Control department, operating under the authority of the Chief Executive Officer, maintains 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. Therefore, any matters related to internal control can be referred to it directly without the involvement of one of the specialized committees.

BRED Group's CCFC meets at least four times a year with the main players in first- and second-level permanent control as well as periodic control. This committee is essentially responsible for ensuring that BRED Group's internal control system is consistent, relevant and effective and that effective coordination exists between the various control functions; it also oversees all cross-functional actions aimed at improving such consistency and effectiveness.

The Executive Risk Committee evaluates the quality of the system of risk management and permanent control, notably concerning the consistence in the measurement, surveillance and risk management systems on a consolidated basis. If necessary, it proposes additional actions and examines the main lessons learned from risk monitoring.

1.3 Main risks in 2024

BRED Group determines its risk appetite on the basis of:

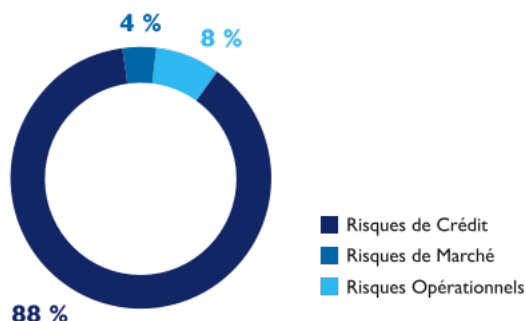
- its values and its business model as set out in the activity report;
- its risk management system and loss absorption capacity;
- the resultant risk profile.

The risk appetite is used to define the level of risk accepted by the Board of Directors for a given context and in order to generate a recurrent and reliable return, while offering an optimum level of customer service and maintaining the solvency, liquidity and reputation of the Bank.

The risk seen here, that are inherent in the Group's business model, are as follows:

- credit and counterparty risk (Articles 106 to 121 of the Ministerial Order of November 3, 2014), induced by BRED's core lending activity;
- market risk (Articles 122 to 136 of the Ministerial Order of November 3, 2014);
- balance sheet risk, especially liquidity risk (Articles 148 to 186 of the Ministerial Order of November 3, 2014) and structural interest-rate risk (Articles 134 to 139 of the Ministerial Order of November 3, 2014);
- non-financial risk including non-compliance risk, legal risk, computer systems security risk and risk of fraud (Article 214 and 215 of the Ministerial Order of November 3, 2014).

Breakdown of BRED Group's risk-weighted assets at December 31, 2024



The exposures and the mechanism for managing such risks are set out in the sections below.

BRED does not make commitments in business:

- conduct activities in which it is not proficient, in order to guarantee its own integrity and that of Groupe BPCE;
- involving the proprietary negotiation of financial instruments on the Bank's account, except for business that is used to finance the economy such as that set forth in Article 2 of the Law on the separation and regulation of banking activities (especially investments, healthy and prudent management of cash flow and risk coverage).

Furthermore, activities with a high risk profile and potentially high yet uncertain yield are strictly supervised.

These rules, applicable to all business areas, subsidiaries and the branch network, are designed to ensure the highest levels of ethical operations and the highest standards of transaction execution and security.

1.4 Risk and compliance culture

The Board of Directors and the executive management of BRED promote the risk and compliance culture at all levels of the organization. The Risk, Protection and Control department coordinates the dissemination of the risk culture to all employees in collaboration with all other control divisions and/or functions.

The Compliance department and the Investment Services Compliance department coordinate the dissemination of the compliance culture to all employees in collaboration with all other control divisions and/or functions.

In general, the Risk, Protection and Control department, the Compliance department and the Investment Services Compliance department at BRED:

- participate in risk management and compliance activity sessions, which provide an opportunity to discuss risk issues, present the work carried out by the various functions, provide training and share best practices among Groupe BPCE institutions. The system is supplemented by dedicated working groups and meetings covering topical issues. Similarly, BRED organizes this type of contact for the benefit of BRED Group entities;
- maintain a high level of regulatory awareness, notably by receiving and circulating explanatory regulatory documents and through regular interaction with other BRED Group departments and entities;
- contribute, *via* their executives and their Head of Risk, Protection and Control, to decisions taken by committees dedicated to the risk management function at Groupe BPCE level;
- benefit from a training program for its employees provided by Groupe BPCE's Human Resources department, supplemented with in-house training according to needs;
- map the institution's risks overall, thus assessing its risk profile and identifying its main priority risks;
- carry out an inventory of the institution's own models as part of Groupe BPCE's model risk management system;
- oversee the annual review of risk appetite indicators as part of the system put in place by Groupe BPCE;
- measure the strength of the risk and compliance culture through a self-assessment based on a questionnaire containing 139 questions about the risk and compliance culture, based on the recommendations of FSB 2014, AFA 2017 and EBA 2018 guidelines.

More specifically, the Risk, Protection and Control department at 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.

BRED Group macro-risk mapping

BRED Group's macro-risk mapping is designed to meet regulatory requirements, in particular those of the Ministerial Order of November 3, 2014, as amended on February 25, 2021, relating to internal control. Articles 100, 101 and 102 of this decree (which incorporate the provisions of CRBF 97-02) specify the need for a "single risk mapping" that

identifies and assesses the risks incurred according to internal and external factors. In addition, this mapping complies with the guidelines of the European Banking Authority (EBA), entitled “guidelines on internal governance”, published on July 1, 2018. BRED Group fulfills these obligations through the “macro-risk mapping” developed by Groupe BPCE, thus guaranteeing a complete and consistent identification and assessment of the risks to which it is exposed.

The purpose of this macro-mapping is to:

- secure the activities of the institutions,
- strengthen their financial profitability and their long-term development.

This risk-based approach, which involves assigning a rating to the risk management system, enables targeted action plans to be implemented and monitored. It is also used to annually update the risk appetite and the permanent and periodic control plans of the institutions. The integration of macro-risk mapping into the Priscop permanent control management tool makes it possible to automate the links between risks and controls in the risk management system. Action plans targeting high-priority risks are defined with the goal of reducing and/or managing risks.

Risk appetite

BRED’s risk appetite framework defines a set of indicators covering the risks to which the Bank is exposed with regard to its bancassurance activities, based on the process of identifying risks and assessing their materiality.

The materiality of the risks to which the Institution is exposed is assessed on the basis of their potential impact on the Bank’s financial and strategic trajectory. These material risks are intended to be covered by risk appetite indicators.

These indicators have successive thresholds that trigger appropriate governance:

- the observation threshold reflects a level of risk consistent with the normal activity of our Bank. If this threshold is exceeded, a referral must be made to the executive management;
- the resilience threshold / RAF limit represents a level of risk that, if exceeded, would result in a high risk of deviation from the Bank’s financial trajectory or strategy. Any overrun requires notification to the Board.

Since 2024, risk appetite has been organized into two levels:

- one in line with the existing governance, under the responsibility of the Board, which determines an aggregate risk appetite based on key indicators and regulatory requirements. This level is referred to as “CONSULTING” or “STRATEGIC”;
- an additional one, under the responsibility of the institution’s Executive, to manage the risk appetite framework in greater detail. This involves determining, *via* additional indicators, a more detailed management of our Bank’s risk appetite. This level is referred to as “EXECUTIVE” or “STEERING”.

In addition, the extreme PPR threshold (prevention and recovery plan) represents a level of risk that puts the Group’s survival at risk. This threshold is monitored at Group level and its crossing is part of the governance of Groupe BPCE’s prevention and recovery plan.

A dashboard dedicated to the quarterly monitoring of risk appetite indicators is presented to both the Executive Risk Committee and the Board. It includes all the indicators as well as their positioning to date with regard to the thresholds. It is sent as soon as possible after the end of each quarter observed to the Group Risk division, which carries out a consolidated follow-up which is communicated to the Heads of the Institutions as well as to the Risk and/or Compliance Directors of our Bank.

2.1 TYPES OF RISK

Risk macro-categories	Definition
Credit and counterparty risks	
Credit risks	The risk of loss resulting from the inability of customers, issuers or other counterparties to honor their financial commitments. It includes counterparty risk related to market transactions (replacement risk) and securitization activities. It can be exacerbated by concentration risk.
Securitization risks	Transactions for which the credit risk inherent in a set of exposures is housed in a dedicated structure (generally a mutual fund or "conduit") and then divided into tranches for acquisition by investors.
Financial risks	
Market risk	The risk of loss of value on financial instruments resulting from changes in market inputs, from the volatility of these inputs or from the correlations between these inputs. Inputs include exchange rates, interest rates and prices of securities (equities, bonds), commodities, derivatives or any other assets, such as real estate assets.
Liquidity risk	The risk that the Group cannot meet its cash requirements or collateral requirements when they fall due and at a reasonable cost.
Structural interest rate risk	The risk of loss in interest income or in the value of a fixed-rate structural position in the event of changes in interest rates. Structural interest rate risks are associated with commercial activities and proprietary transactions.
Credit spread risk	The risk associated with a decline in the creditworthiness of a specific issuer or a specific category of issuers.
Exchange rate risk	The risk of loss in interest income or in the value of a fixed-rate structural position in the event of changes in exchange rates. Structural interest rate and exchange rate risks are associated with commercial activities and proprietary transactions.
Non-financial risks	
Non-compliance risk	The risk of a legal, administrative or disciplinary penalty, material financial loss or reputational risk arising from a failure to comply with the provisions specific to banking and financial activities (whether these are stipulated by directly applicable national or European laws or regulations), with professional or ethical standards, or instructions from executive management, notably issued in accordance with the policies of the supervisory body.
Operational risks	The risk of losses arising from the inadequacy or failure of internal processes, people and systems or from external events, including legal risk. Operational risk includes risks related to events with a low probability of occurrence but a high impact, the risks of internal and external fraud defined by the regulations, and risks related to the model.
Insurance underwriting risk	In addition to asset-liability risk management (interest rate, valuation, counterparty and exchange rate risks), these risks include pricing risk in respect of mortality risk premiums and structural risks related to life and non-life insurance activities, including pandemics, accidents and disasters (earthquakes, hurricanes, industrial accidents, terrorist acts and military conflicts).
Model risk	Model risk is defined as the risk of adverse consequences - financial loss and/or possible damage to the Group's reputation - resulting from model-based decisions due to errors in the design, implementation or use of these models.
Legal risk	Legal risk defined in French regulations as the risk of any dispute with a counterparty, resulting from any inaccuracy, lacunae or insufficiency that may be attributable to the company in respect of its operations.
Reputational risk	Reputational risk is defined as the risk of damage to the trust of the company, its customers, counterparties, suppliers, employees, shareholders, supervisors or any other third party whose trust, in any capacity whatsoever, is a necessary condition for the normal continuation of the activity.
Strategic business and ecosystem risks	
Solvency risk	The risk that the company will be unable to honor its long-term commitments and/or ensure the continuity of its ordinary operations in the future.
Climate and environmental risk	Direct or indirect vulnerability (<i>i.e.</i> , via the assets/liabilities held) of banking activities to risks related to the climate and the environment, including physical risks (climate hazards, pollution, loss of biodiversity, etc.) and risks related to the transition (regulatory, technological, customer expectations).

2.2 GROUPE BPCE RISK FACTORS

The banking and financial environment in which Groupe BPCE operates is exposed to numerous risks and requires the implementation of an increasingly demanding and strict policy to control and manage these risks.

Some of the risks to which Groupe BPCE is exposed are set out below. However, this is not a comprehensive list of all of the risks incurred by Groupe BPCE in the course of conducting its business or given the environment in which it operates. The risks presented below are those identified to date as significant and specific to Groupe BPCE, and liable to have a material adverse impact on its business, financial position and/or results. For each of the risk sub-classes listed below, the risk factor considered to date by Groupe BPCE as the most significant is listed first.

The risks presented below are those identified to date as liable to have an adverse impact on the businesses of BPCE SA.

The risk factors described below are presented as of the date of this document and the situation described may change, even significantly, at any time.

Credit and counterparty risk

Groupe BPCE is exposed to credit and counterparty risks that could have a material adverse effect on the Group's business, financial position and results.

Groupe BPCE is significantly exposed to credit and counterparty risk through its financing or market activities. The Group could thus incur losses in the event of default by one or more counterparties, in particular if the Group encounters legal or other difficulties in exercising its collateral or if the value of the collateral does not allow it to fully cover the exposure in the event of a default. Despite the due diligence carried out by the Group aimed at limiting the effects of having a concentrated credit portfolio, both in units and sectors, counterparty defaults may be amplified within a specific economic sector or world region by the effects of interdependence between these counterparties. Default by one or more major counterparties could thus have a material adverse effect on the Group's cost of risk, results and financial position.

For information, on December 31, 2024, Groupe BPCE's gross exposure to credit risk amounted to €1,511 billion, with the following breakdown for the main types of counterparty: 37% for retail customers, 30% for corporates, 16% for central banks and other sovereign exposures, and 6% for the public sector and similar entities. The credit risk-weighted assets amounted to €398 billion (including counterparty risk).

The main economic sectors to which the Group was exposed in its non-financial corporations portfolio were Real Estate (38% of gross exposures at December 31, 2024), Wholesale and Retail Trade (11%), Finance/Insurance (10%) and Specialized, Scientific and Technical Activities (6%).

Groupe BPCE develops its activities mainly in France. The Group's gross exposure (gross carrying amount) to France was €1,070 billion, representing 82% of the total gross exposure. The remaining exposures were mainly concentrated in the United States, for 5%, with other countries accounting for 12% of the total gross exposures.

For further information, please see Chapters 5 "Credit risks" and 6 "Counterparty risk" in this document.

A substantial increase in impairments or provisions for expected credit losses recognized in Groupe BPCE's accounts could have a material adverse effect on its results and financial position.

In the course of its activities, Groupe BPCE regularly recognizes charges for impairments in order to reflect, if necessary, actual or potential losses on its portfolio of loans and advances, on its portfolio of fixed-income securities (at amortized cost or at fair value through other comprehensive income) and in respect of its commitments given. These impairments are booked in the income statement under "Cost of risk". Groupe BPCE's total charges for asset impairments are based on the Group's measurement of past losses on loans, volumes and types of loans granted, industry standards, loans in arrears, economic conditions and other factors associated with the recoverability of various types of loans. While Groupe BPCE makes every effort to set aside a sufficient level of provisions for asset impairment expenses, its lending activities may cause it, in the future, to have to increase its expenses for losses on loans, due to a rise in non-performing loans or for other reasons such as the deterioration of market conditions or factors affecting certain countries. Any substantial increase in charges for losses on loans, material change in Groupe BPCE's estimate of the risk of loss associated with its portfolio of loans, or any loss on loans exceeding past impairment expenses, could have an adverse impact on Groupe BPCE's results and financial position.

For information, Groupe BPCE's cost of risk amounted to -€2,061 million in 2024 compared to -€1,731 million in 2023, with credit risks accounting for 87% of Groupe BPCE's risk-weighted assets. On the basis of gross exposures, 37% relate to retail customers and 30% to corporate customers (of which 68% of exposures are located in France).

Consequently, the risk associated with a significant increase in impairment expenses on assets booked to Groupe BPCE's loans and advances portfolio is significant in terms of impact and probability, and is therefore monitored carefully and proactively. In addition, prudential requirements supplement these provisioning mechanisms via the prudential backstop process, which results in a deduction in equity of non-performing loans beyond a certain maturity in line with the quality of the guarantees and according to a regulatory timetable defined by regulatory texts.

A decline in the financial strength and performance of other financial institutions and market players may have an unfavorable impact on Groupe BPCE.

Groupe BPCE's ability to execute transactions may be affected by a decline in the financial strength of other financial institutions and market players. Financial institutions are closely interconnected owing to their trading, clearing, counterparty and financing operations. A default by a significant sector player (systemic risk), or even mere rumors or concerns regarding one or more financial institutions or the financial industry in general, may lead to a general contraction in market liquidity and subsequently to losses or further defaults in the future. Groupe BPCE is directly or indirectly exposed to various financial counterparties, such as investment service providers, commercial or investment banks, clearing houses and CCPs, mutual funds, hedge funds, and other institutional customers, with which it regularly conducts transactions. The default or failure of any such counterparties may have an adverse impact on Groupe BPCE's financial position. Moreover, Groupe BPCE may be exposed to the risk associated with the growing involvement of operators subject to little or no regulation in its business sector and to the emergence of new products subject to little or no regulation (including in particular crowdfunding and 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 of Groupe BPCE's exposure to defaulted loans or derivatives, or in the event of fraud, embezzlement or other misappropriation of funds committed by financial sector participants in general to which Groupe BPCE is exposed, or if a key market operator such as a CCP defaults.

In addition, the distribution risk in the event of market difficulties or a deterioration in the economic environment may entail a potential loss in a severe scenario.

The exposures to "financial institutions" represented 4% of Groupe BPCE's total gross exposures of €1,511 billion at December 31, 2024. In geographic terms, 67% of gross exposures to "institutions" are located in France.

Financial risks

Significant changes in interest rates may have a material adverse impact on Groupe BPCE's net banking income and profitability.

Groupe BPCE's net interest margin over a given period represents a significant portion of its revenues. Consequently, changes in the margin have a significant impact on Groupe BPCE's net banking income and profitability for the period. The costs of the resource as well as the conditions of return on the asset, in particular those attached to new production, are therefore very sensitive elements, in particular to factors that may be beyond Groupe BPCE's control, as these significant changes could entail significant temporary or long-term repercussions, even if a rise in interest rates is expected to be generally favorable in the medium to long term.

The recent environment has been marked by a sharp rise in interest rates initiated by the European Central Bank at the end of 2022, maintaining them at very high levels during 2023, exposure to interest rate risk and more generally to price risk was thus reinforced by the combination of unfavorable factors, namely the marked increase in regulated rates, the reallocation of part of the savings following the rapid exit from the low interest rate environment, the rise in interbank spreads, while, conversely, the rate of new loans was temporarily constrained by the level of the usury rate in 2022 and 2023. While inflation has begun a gradual decline, global central banks including the European Central Bank (ECB), after completing their monetary policy tightening cycle at the end of 2023, initiated a cycle of gradual reductions in key rates during 2024. The European Central Bank (ECB) announced its first rate cut (-25 bps) in June 2024, and the US Federal Reserve in September 2024. Despite this cautious start to the rate-cutting cycle, short-term and long-term interest rates remain at high levels not seen since 2008. Indeed, the ECB's rates are in the range of 3.0%-3.15%, while the US Federal Reserve (FED) has lowered its key rates in the range of 4.25%-4.5%.

At the same time, the *Livret A* savings account rate, to which Groupe BPCE is exposed due to the regulated savings accounts held by its customers, has experienced a trajectory similar to that of inflation with a rapid increase and then

stability at 3% since February 2023 (rate announced stable until February 2025). From February 2025, the *Livret A* savings account rate was reduced to 2.4%.

The corollary of this atypical situation, in terms of intensity and economic impact, was a significant reduction in Groupe BPCE's bank loan production in 2024 after a peak in activity in the first months of the inflationary period. This situation has resulted in an 11% decrease in loan production with a more marked effect on home loans to households with -21% between 2023 and 2024, after the sharp decline already observed between 2022 and 2023 to -44%.

As a result of the increase in the average resource cost on the customer balance sheet for the two main regional banking networks (Banques Populaires and Caisses d'Epargne), Groupe BPCE gradually passed on the rate increase levels observed in 2024 to the rates of new home loans and other fixed-rate consumer and corporate loans.

On the other hand, customers have continued to gradually switch their low-interest accounts to higher-yielding products (regulated passbook accounts and term accounts). In this context of squeezed margins, given the speed with which the rapid rate increases were being passed on, Groupe BPCE adjusted its interest rate hedging policy by increasing the volume of its interest rate swaps (macro-hedging) so as to protect the value of its balance sheet and its future net interest margin.

Consequently, even if the context of rising rates is generally favorable in the medium to long term, these significant changes can have major repercussions, whether temporary or lasting. Groupe BPCE's interest rate risk indicators reflect this exposure.

The sensitivity of the net present value of Groupe BPCE's balance sheet to a +/-200 bps variation in interest rates remained lower than the 15% Tier-1 limit. At December 31, 2024, Groupe BPCE's sensitivity to Tier-1 interest rate increases stood at -9.62% compared to -10.8% at December 31, 2023. This indicator, calculated according to a static approach (contractual or conventional flow of all balance sheet items) and in a stress scenario (immediate and significant interest rate shock), makes it possible to highlight the distortion of the balance sheet over a long horizon.

To better control the Group's exposure to interest rate risk, this approach must be supplemented by a dynamic approach (including new production forecasts). Following regulatory changes and modifications of its management system, since 2023 Groupe BPCE has deployed an internal revenue sensitivity indicator on the commercial banking networks and the Supervisory Outlier Test (SOT) Net Interest Margin (NIM) regulatory indicator at Group level, in addition to its internal indicators. The introduction of the SOT NIM supplements the information communicated as part of the interest rate risk management system by a margin view over a one-year horizon, and must be published in the financial statements, even if it will not directly generate a Pillar I expense.

At December 31, 2024, the most penalizing scenario for the Group in terms of the SOT NIM was the downside scenario. The indicator stands at -1.2% and remains below the 5% limit compared to the first quarter.

The dynamic approach in terms of sensitivity of future revenues is reinforced by a multi-scenario vision allowing a broader approach by taking into account the uncertainties related to business forecasts (new activity and changes in customer behavior), possible changes in commercial margin, etc. This is achieved through the sensitivity of the Group's revenues by measuring the change in the Group's forecast net interest margin at one year according to four scenarios (rise in rates, decline in rates, steepening of the yield curve, flattening of the yield curve) compared to the core scenario. This revenue sensitivity indicator covers all commercial banking activities and aims to estimate the sensitivity of the institutions' results to interest rate fluctuations.

Groupe BPCE is dependent on its access to funding and other sources of liquidity, which may be limited for reasons outside its control, thus potentially having a material adverse impact on its results.

Access to short-term and long-term funding is critical for the conduct of Groupe BPCE's business. Non-collateralized sources of funding for Groupe BPCE include deposits, issues of long-term debt and short/medium-term negotiable debt securities, banks loans and credit lines. Groupe BPCE also uses secured funding, notably through repurchase agreements and the issuance of covered bonds or securitization *via* dedicated vehicles or conduits. Geopolitical instabilities in the world with variable rate tranches can have an impact on payment arrears and default rates as well as on final legal maturities. If Groupe BPCE were unable to access the secured and/or unsecured debt market at conditions deemed acceptable, or incurred an unexpected outflow of cash or collateral, including a significant decline in customer deposits, its liquidity may be negatively affected. Furthermore, if Groupe BPCE were unable to maintain a satisfactory level of customer deposits (e.g., in the event its competitors offer higher rates of return on deposits), it may be forced to obtain funding at higher rates, which would reduce its net interest margin and results.

Groupe BPCE's liquidity, and therefore its results, may also be affected by unforeseen events outside its control, such as general market disruptions, which may in particular be related to geopolitical or health, a resurgence of

financial crises, operational hardships affecting third parties, negative opinions on financial services in general or on the short/long-term outlook for Groupe BPCE, changes in Groupe BPCE's credit rating, or even the perception of the position of the Group or other financial institutions among market operators.

Groupe BPCE's access to the capital markets, and the cost of long-term unsecured funding, are directly related to changes in its credit spreads on the bond and credit derivatives markets, which it can neither predict nor control. Liquidity constraints may have a material adverse impact on Groupe BPCE's business, financial position, results and ability to meet its obligations to its counterparties. Similarly, a change in the monetary policy stance, in particular that of the European Central Bank, may impact Groupe BPCE's financial position.

However, to deal with these risk factors, Groupe BPCE has significant liquidity reserves made up of cash deposits with central banks and available securities and receivables eligible for central bank refinancing mechanisms. Groupe BPCE's liquidity reserve amounted to €302 billion at December 31, 2024 covering 177% short-term funding and short-term maturities of MLT debt compared to 161% at December 31, 2023. The LCR (Liquidity Coverage Ratio) averaged 149% over 12 months on December 31, 2024 *versus* 145% at December 31, 2023. Given the importance of these risks for Groupe BPCE in terms of impact and probability, these risks are monitored proactively and closely, with Groupe BPCE also pursuing a very active policy of diversifying its investor base.

Downgraded credit ratings could have an adverse impact on BPCE's funding cost, profitability and the continuity of some businesses.

Groupe BPCE's long-term ratings at December 31, 2024, were A+ for Fitch ratings, A1 for Moody's, A+ for R&I and A+ Standard & Poor's, which revised this rating upwards in July 2024, thus demonstrating its assessment of the Group's solidity. The decision to downgrade these credit ratings may have a negative impact on the funding of BPCE and its affiliates active in the financial markets. A ratings downgrade may affect Groupe BPCE's liquidity and competitive position, increase funding costs, limit access to financial markets and trigger obligations under some bilateral contracts governing trading, derivative and collateralized funding transactions, thus adversely impacting its profitability and business continuity.

Furthermore, BPCE's unsecured long-term funding cost is directly linked to its credit spreads (the yield spread over and above the yield on government issues with the same maturity that is paid to bond investors), which in turn are heavily dependent on its ratings. An increase in credit spreads may raise BPCE's funding cost. Shifts in credit spreads are correlated to the market and sometimes subject to unforeseen and highly volatile changes. Accordingly, a change in perception of an issuer solvency due to a rating downgrade could have an adverse impact on that issuer's profitability and business continuity.

Groupe BPCE is exposed to credit spread risk at the level of its assets in a scenario of widening credit spreads, on its portfolio of securities at fair value or at amortized cost. The Group holds a significant bond portfolio eligible for the liquidity reserve, mainly composed of sovereign and corporate bonds, which makes its valuation sensitive to changes in the credit spreads of its securities.

Market fluctuations and volatility could expose Groupe BPCE, and in particular its major corporate & investment banking business lines (Natixis CIB and Natixis IM), to favorable or unfavorable fluctuations in its trading and investment activities, which could adversely affect Groupe BPCE's results of operations and financial position.

In the course of its third-party trading or investment activities, Groupe BPCE may carry positions in the bond, currency, commodity and equity markets, and in unlisted securities, real estate assets and other asset classes. These positions may be affected by volatility on the markets (especially the financial markets), *i.e.*, the degree of price fluctuations over a given period on a given market, regardless of the levels on the market in question. Certain market configurations and fluctuations may also generate losses on a broad range of trading and hedging products used, including swaps, futures, options and structured products, which could adversely impact Groupe BPCE's operating results and financial position. Similarly, extended market declines and/or major crises may reduce the liquidity of certain asset classes, making it difficult to sell certain assets and in turn generating material losses.

The market risk-weighted assets totaled €13 billion, i.e., around 4% of Groupe BPCE's total risk-weighted assets, on December 31, 2024. For information, the weight of Corporate & Investment Banking activities in the Group's net banking income was 19% for the year 2024. For more detailed information and examples, see Note 10.1.2 "Analysis of financial assets and liabilities classified in Level 3 of the fair value hierarchy" to the consolidated financial statements of Groupe BPCE, included in the Universal Registration Document.

Groupe BPCE's revenues from brokerage and other activities associated with fee and commission income may decrease in the event of market downturns.

A market downturn is liable to lower the volume of transactions (particularly financial services and securities transactions) executed by Groupe BPCE entities for their customers and as a market maker, thus reducing the net banking income from these activities. In particular, in the event of a decline in market conditions, Groupe BPCE may record a lower volume of customer transactions and a drop in the corresponding fees, thus reducing revenues earned from this activity. Furthermore, as management fees invoiced by Groupe BPCE entities to their customers are generally based on the value or performance of portfolios, any decline in the markets causing the value of these portfolios to decrease or generating an increase in the amount of redemptions would reduce the revenues earned by these entities through the distribution of mutual funds or other products (for the Caisses d'Epargne and the Banques Populaires) or through asset management activities. In addition, any deterioration in the economic environment could have an unfavorable impact on the seed money contributed to asset management structures with a risk of partial or total loss.

Even where there is no market decline, if funds managed for third parties throughout Groupe BPCE and other Groupe BPCE products underperform the market, redemptions may increase and/or inflows decrease as a result, with a potential corresponding impact on revenues from the asset management activities.

In 2024 the total net amount of fees and commissions received was €11,036 million, representing 47% of Groupe BPCE's net banking income. For more detailed information on the amounts of fees and commissions received by Groupe BPCE, see Note 4.2 "Fee and commission income and expenses" to the consolidated financial statements of Groupe BPCE in the Universal Registration Document.

Changes in the fair value of Groupe BPCE's portfolios of securities and derivative products, and its own debt, are liable to have an adverse impact on the net carrying amount of these assets and liabilities, and as a result on Groupe BPCE's net income and equity.

The net carrying amount of Groupe BPCE's securities, derivative products and other types of assets at fair value, and of its own debt, is adjusted (at balance sheet level) at the date of each new financial statement. These adjustments are predominantly based on changes in the fair value of assets and liabilities during an accounting period, i.e., changes taken to profit or loss or recognized directly in other comprehensive income. Changes recorded in the income statement, but not offset by corresponding changes in the fair value of other financial instruments, have an impact on net banking income and thus on net income. All fair value adjustments have an impact on equity and thus on Groupe BPCE's capital adequacy ratios. Such adjustments are also liable to have an adverse impact on the net carrying amount of Groupe BPCE's assets and liabilities, and thus on its net income and equity. The fact that fair value adjustments are recorded over an accounting period does not mean that additional adjustments will not be necessary in subsequent periods.

At December 31, 2024, total financial assets/liabilities at fair value through profit or loss amounted to €231 billion (with €218 billion in financial assets at fair value held for trading) and €219 billion (with €175 billion in financial liabilities at fair value held for trading) respectively. For more detailed information, see also Note 4.3 "Gains (losses) on financial instruments at fair value through profit or loss", Note 4.4 "Gains (losses) on financial assets measured at fair value through other comprehensive income before tax", Note 5.2 "Financial assets and liabilities at fair value through profit or loss" and Note 5.4 "Financial assets at fair value through other comprehensive income" to the consolidated financial statements of Groupe BPCE in the Universal Registration Document.

Non-financial risks

In the event of non-compliance with applicable laws and regulations, Groupe BPCE could be exposed to significant fines and other administrative and criminal penalties that could have a material adverse effect on its financial position, activities and reputation.

Non-compliance risk is defined as the risk of sanction – judicial, administrative or disciplinary – but also of financial loss or damage to reputation, resulting from non-compliance with laws and regulations, professional standards and practices, and ethical standards specific to banking and insurance activities, whether national or international.

The banking and insurance sectors are subject to increased regulatory oversight, both nationally and internationally. Recent years have seen an increase in the volume of new regulations that have introduced significant changes affecting relationships between investment service providers and customers or investors (e.g., MIFID II, PRIIPS, the Insurance Distribution Directive, Market Abuse Regulation, Personal Data Protection Regulation, Benchmark Index Regulation, etc.). These new regulations have major impacts on the company's operational processes.

In terms of financial security, the regulatory framework on the fight against money laundering and the financing of terrorism is part of a European trajectory. The Anti-Money Laundering (AML) package, currently in trialogue, will significantly harmonize and raise the level of requirements for regulated professions, particularly the financial sector. This package includes a systemic change in the supervision function due to the establishment, in 2024, of a new

European authority, the AML Authority. It will have dual powers: (i) in terms of supervision. By 2027, it will have around 40 entities under its direct supervision, and will supervise the rest of the financial sector indirectly *via* national authorities, and (ii) in terms of coordinating the EU's financial intelligence units (FIUs). The gradual increase in the EBA's powers in AML/CFT areas also confirms the trend towards bringing these regulations into line with prudential rules, in terms of consolidated supervision requirements for banking groups.

Non-compliance risk could result, for example, in the use of inappropriate means to promote and market the bank's products and services, inadequate management of potential conflicts of interest, disclosure of confidential or privileged information, failure to comply with due diligence when dealing with suppliers, failure to comply with legal and regulatory obligations to detect financial transactions likely to derive from criminal offenses (e.g.: corruption, tax fraud, drug trafficking, concealed work, the financing of the proliferation of weapons of mass destruction, etc.) committed by customers and linked to acts of terrorism. Non-compliance risk may also lead to failures in the implementation of international sanctions (embargoes, asset freezes on individuals targeted by national measures applicable in the jurisdictions in which Groupe BPCE is present, European Union restrictions, or extraterritorial sanctions from certain foreign authorities).

Within BPCE, the Compliance function is responsible for overseeing the system for preventing and managing non-compliance risks. Despite this system, Groupe BPCE remains exposed to the risk of fines or other significant sanctions from the regulatory and supervisory authorities, as well as civil or criminal legal proceedings that could have a significant adverse impact on its financial position, activities and reputation.

Any interruption or failure of the information systems belonging to Groupe BPCE or third parties, particularly external service providers may generate losses (including commercial losses) and may have a material adverse impact on Groupe BPCE's results.

As is the case for the majority of its competitors, Groupe BPCE is highly dependent on information and communication 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 ledgers, deposits, transactions and/or to process loans. For example, if Groupe BPCE's information systems were to malfunction, even for a short period, the affected entities would be unable to meet their customers' needs in time and could thus lose transaction opportunities. Similarly, a temporary failure in Groupe BPCE's information systems despite back-up systems and contingency plans could also generate substantial information recovery and verification costs, or even a decline in its proprietary activities if, for example, such a failure were to occur during the implementation of a hedging transaction. The inability of Groupe BPCE's systems to adapt to an increasing volume of transactions may also limit its ability to develop its activities and generate losses, particularly losses in sales, and may therefore have a material adverse impact on Groupe BPCE's results.

Groupe BPCE is also exposed to the risk of malfunction or operational failure by 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 facilitate 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 customer information systems. Groupe BPCE's communication and information systems, and those of its customers, service providers and counterparties, may also be subject to failures or interruptions resulting from cybercriminal or cyberterrorist acts. For example, as a result of its digital transformation, Groupe BPCE's information systems are becoming increasingly open to the outside (cloud computing, big data, etc.). Many of its processes are gradually going digital. Use of the Internet and connected devices (tablets, smartphones, apps used on tablets and mobiles, etc.) by employees and customers is on the rise, increasing the number of channels serving as potential vectors for attacks and disruptions, and the number of devices and applications vulnerable to attacks and disruptions. Consequently, the software and hardware used by Groupe BPCE's employees and external agents are constantly and increasingly subject to cyberthreats. As a result of any such attacks, Groupe BPCE may face malfunctions or interruptions in its own systems or in third-party systems that may not be adequately resolved. Any interruption or failure of the information systems belonging to Groupe BPCE or third parties may generate losses (including commercial losses) due to the disruption of its operations and the possibility that its customers may turn to other financial institutions during and/or after any such interruptions or failures.

The risk associated with any interruption or failure of the information systems belonging to Groupe BPCE or third parties is significant for Groupe BPCE in terms of impact and probability, and is therefore carefully and proactively monitored.

Lastly, it is necessary to note the risk of outsourcing, particularly in external IT services or more generally in connection with critical and important external services within the meaning of French regulations.

Reputational and legal risks could unfavorably impact Groupe BPCE's profitability and business outlook.

As a major player in the financial system, Groupe BPCE relies on the notion of a trusted third party for the general public, its individual customers, companies, investors and all economic players. Damage to Groupe BPCE's

reputation, particularly when associated with an unfavorable media campaign, could compromise the relationship of trust between the Group and both internal and external stakeholders.

Groupe BPCE is exposed to reputational risks due to the diversity of its international banking, financial and insurance activities. This risk may arise following criticism concerning, in particular, the promotion and marketing of its products and services, the nature of the financing and investments made, as well as the reputation of the Group's partners. In addition, concerns may arise around BPCE's environmental strategy and social policies or its governance.

In addition, Groupe BPCE's reputation could also be compromised by the actions of external entities, such as cybercrime or cyber-terrorism, internal or external fraud, or the misappropriation of funds. BPCE could restrict its ability to enter into new relationships or maintain existing relationships with its counterparties, customers or service providers and weaken its attractiveness to employees and candidates, this negatively impacting its financial position and business outlook.

Inadequate management of reputational risk would limit the mitigation of negative impacts and could also increase Groupe BPCE's legal risk. This could lead to an increase in the number of legal actions and the risk of being ordered to pay damages, while exposing the Group to sanctions from regulatory authorities. For more information, please refer to the "Legal Risks" chapter of this document. Like reputational risk, these litigations could also have repercussions on Groupe BPCE's financial position and its business outlook.

At December 31, 2024, the total provisions for legal and tax risks amounted to €994 million.

Unforeseen events may interrupt Groupe BPCE's operations and cause losses and additional costs.

Unforeseen events, such as a serious natural disaster, events related to climate risk (physical risk directly associated with climate change), pandemics, attacks or any other emergency situation can cause an abrupt interruption in the operations of Groupe BPCE entities, affecting in particular the Group's core business lines (liquidity, payment instruments, securities services, loans to individual and corporate customers, and fiduciary services) and trigger material losses, if the Group is not covered or not sufficiently covered by an insurance policy. These losses could relate to material assets, financial assets, market positions or key employees, and have a direct and potentially material impact on Groupe BPCE's net income. Moreover, such events may also disrupt Groupe BPCE's infrastructure, or that of a third party with which Groupe BPCE does business, and generate additional costs (relating in particular to the cost of re-housing the affected personnel) and increase Groupe BPCE's costs (such as insurance premiums). Such events may invalidate insurance coverage of certain risks and thus increase Groupe BPCE's overall level of risk.

At December 31, 2024, the majority of Groupe BPCE's operational risk losses were in the business line "Payment and settlement" at 41%. They concentrated on the Basel category "External fraud" for 37%.

The failure or inadequacy of Groupe BPCE's risk management and hedging policies, procedures and strategies may expose it to unidentified or unexpected risks which may trigger unforeseen losses.

Groupe BPCE's risk management and hedging policies, procedures and strategies may not succeed in effectively limiting its exposure to all types of market environments or all kinds of risks, and may even prove ineffective for some risks that the Group was unable to identify or anticipate. The risk management techniques and strategies used by Groupe BPCE may not effectively limit its exposure to risk and not guarantee an effective reduction in the overall level of risk. These techniques and strategies may prove ineffective against certain risks, in particular those that Groupe BPCE has not previously identified or anticipated, given that the tools used by Groupe BPCE to develop risk management procedures are based on valuations, analyses and assumptions that may prove to be inaccurate or incomplete. Some of the indicators and qualitative tools used by Groupe BPCE to manage risk are based on the observation of past market performance. To measure risk exposures, the risk management department analyzes these observations, particularly statistically.

These tools and indicators may not be able to predict future risk exposures leading to model risk. For example, these risk exposures may be due to factors that Groupe BPCE may not have anticipated or correctly assessed in its statistical models or due to unexpected or unprecedented shifts in the market. This would limit Groupe BPCE's risk management capability. As a result, losses incurred by Groupe BPCE may be higher than those anticipated on the basis of past measurements. Moreover, the Group's quantitative models cannot factor in all risks. While no significant problem has been identified to date, the risk management systems are subject to the risk of operational failure, including fraud. Some risks are subject to a more qualitative analysis, which may prove inadequate and thus expose Groupe BPCE to unexpected losses.

Groupe BPCE is also exposed to the risk of cybercrime. Cybercrime refers to a set of malicious and/or fraudulent acts using digital means, including those based on artificial intelligence (AI), to achieve higher levels of persuasion, in order to access data (personal, banking, insurance, technical or strategic), processing and users to cause significant harm to a company and its employees, partners, customers and counterparties.

Actual results may vary compared to assumptions used to prepare Groupe BPCE's financial statements, which may expose it to unexpected losses.

In accordance with current IFRS standards and interpretations, Groupe BPCE must use certain estimates when preparing its financial statements, in particular accounting estimates relating to the determination of impairment for credit risk and provisions for employee benefits or provisions for litigation, estimates relating to the determination of the fair value of certain financial assets and liabilities, etc. If the values used for the estimates by Groupe BPCE prove to be materially inaccurate, in particular in the event of major and/or unexpected market trends, or if the methods used to calculate these values are modified due to future changes in IFRS standards or interpretations, Groupe BPCE may be exposed to unexpected losses.

Information on the use of estimates and judgments is provided in Note 2.3 "Use of estimates and judgments" to the Group's consolidated financial statements included in the Universal Registration Document.

Strategic, business and ecosystem risks

Environmental, Social and Governance (ESG) risks, together with their repercussions for economic players, could adversely affect Groupe BPCE's activities, results and financial position.

Environmental, Social and Governance (ESG) risks are a set of risk factors arising from the impacts of climate change, environmental issues (biodiversity, pollution, natural resources, water), social issues (respect for human rights, well-being and the interests of people and stakeholders) and governance issues (ethics and corporate culture, business practices, supplier relations). These risks are likely to materialize in the short, medium or long term. They are factors that aggravate other categories of risk to which Groupe BPCE is exposed (credit and counterparty risk, market risk, operational risk, structural balance sheet risk, risk related to insurance activities, strategic risk, legal risk, compliance risk and reputation risk). Groupe BPCE is mainly exposed to ESG risks indirectly through its customers and counterparties and its investments, either on its own behalf or on behalf of third parties. It is also directly exposed to these risks through its own business activities.

Environmental risks include physical risks and transition risks. Physical risks result from damage directly caused to people and property by events related to climate and environmental changes. These risks can be related to acute events, linked to extreme conditions circumscribed in time and space (such as heat waves, landslides, floods, late frosts, fires, storms, situations of water stress or air, water or soil pollution) or to chronic events of a more gradual and diffuse nature (such as changes in rainfall patterns, rise in sea levels and average temperatures, loss of biodiversity, the depletion of natural resources). Physical risks are likely to affect a wide variety of geographic areas and economic sectors and impact the business, assets and financial profile of the counterparties to which Groupe BPCE is exposed, particularly through its financing, investment or insurance activities. Groupe BPCE is also likely to be directly affected by climatic or environmental events that affect its operating sites, employees or suppliers. Transition risks result from adjustments made by economic players and stakeholders during the transition to a low-carbon economy that is more respectful of environmental balances. These adjustments are reflected in regulatory, technological or socio-demographic changes that may affect the business models, operating models and financial profiles of economic players as well as the value of the assets to which Groupe BPCE is exposed, particularly through its financing and investment activities. Groupe BPCE is also directly exposed to transition risks through regulatory changes and changes in stakeholder expectations, particularly with regard to its product and service offering as well as its voluntary commitments.

Social risks arise from issues related to the rights, well-being, and interests of people and stakeholders (company and value chain employees, communities concerned, end-users and consumers). Through their potential impact on activities (work organization, supply chains, products, etc.) and the associated reputation issues, these risks are likely to affect the financial profile of the counterparties to which Groupe BPCE is exposed, particularly through its financing and investment activities. They may also lead to increased reputation risk for Groupe BPCE, either directly or through its counterparties.

Governance risks include issues related to ethics and corporate culture (governance structure, business integrity and transparency, etc.), supplier relationship management, influence activities and business conduct practices. Through their potential impact on activities (corporate governance standards, control systems, commercial practices, etc.) and the associated reputation issues, these risks are likely to affect the financial profile of the counterparties to which Groupe BPCE is exposed, in particular through its financing and investment activities. They may also lead to increased reputation risk for Groupe BPCE, either directly or through its counterparties.

Overall, Environmental, Social and Governance risks could adversely affect Groupe BPCE's business, results and financial position.

Groupe BPCE may be vulnerable to political, macroeconomic and financial environments or to specific circumstances in its countries of operation.

Some Groupe BPCE entities are exposed to country risk, which is the risk that economic, financial, political or social conditions in a country (particularly in countries where the Group conducts business) may affect their financial interests. Groupe BPCE predominantly does business in France (77% of net banking income for the fiscal year ended December 31, 2024) and North America (13% of net banking income for the fiscal year ended December 31, 2024), with other European countries and the rest of the world accounting for 3% and 7%, respectively, of net banking income for the fiscal year ended December 31, 2024. Note 12.6 "Locations by country" to the consolidated financial statements of Groupe BPCE, contained in the 2024 Universal Registration Document, lists the entities established in each country and gives a breakdown of net banking income and income before tax by country of establishment.

A significant change in the political or macroeconomic environment of such countries or regions may generate additional expenses or reduce profits earned by Groupe BPCE.

The economic outlook remains weakened by the uncertainties and downward risks that surround them, especially when they are increasing against a backdrop of geopolitical tensions. In particular, two major events marked the year 2024, the effects of which may extend into 2025 and beyond: the surprise dissolution of the French National Assembly on June 9 and the presidential election of Donald Trump in the United States on November 5. Generally, the extent of the imbalances to be eliminated can also always tip the developed economies into a downward spiral, whether it is the significance of public and private debts on both sides of the Atlantic and in China, the resurgence of an inflationary expectation mechanism or the heterogeneity of geographical and sectoral situations, combined with overlapping global risks, thus fueling the return of the risk of financial instability. In addition, there is the potential occurrence of natural disasters or health risks. Joint threats mainly concern geopolitical and economic uncertainties: the context of the war waged by Russia against Ukraine and the conflict in the Middle East; the still latent risks of tensions between Taiwan and China; the availability of nuclear weapons in Iran; the Sino-US geostrategic confrontation and the development of protectionist trends, particularly in the US; the deepening economic decline in Europe, Germany and France, in the face of the strategies of the race for industrial hegemony implemented by China and the United States; the emergence of Eurosceptic and protectionist governments in several major European economies; even the behavior of European and French consumers, whose savings rate remains well above its pre-health crisis level.

France entered a situation of political instability after the dissolution of the National Assembly. The business climate, which declined in the summer just after the dissolution, remained below its long-term average. Its fiscal credibility, already tarnished by an unanticipated public deficit of 5.5% of GDP in 2023 and by the downgrade of its sovereign rating on May 31 by Standard & Poor's, the most powerful American agency (rating downgraded to AA-, from AA since 2013), then Moody's rating on December 4 (Aa3 from Aa2), became the main victim of ambitious election campaign promises, with no real basis in terms of financing. With the censorship of the government of Prime Minister Michel Barnier on December 4, political instability took over from inflationary fears, despite the appointment of François Bayrou. It has increased, fueling the budgetary uncertainty it generates. The public deficit once again increased, reaching 6.1% of GDP in 2024. In addition to maintaining the widening of the sovereign yield spread with Germany by nearly 80 basis points (bps), compared to only 50 bps before the dissolution of the National Assembly, this shock would have already cost 0.1 point of GDP in lost growth in 2024 according to the *Observatoire Français des Conjonctures Économiques* (OFCE), which was mainly due to lower private investment.

Once again, 2025 has begun amidst a period of radical geopolitical, political and economic uncertainty, particularly in France, where the political situation remains very uncertain, despite the constitution of a government before the Christmas holidays by the new Prime Minister François Bayrou. Internationally, the impact of the election of the new US President remains to be seen, whether it is the rapid implementation of customs measures that could slow global trade – by leading to widespread commercialization tensions and strong potential for retaliation from China – the risk of losses in economic efficiency and price increases (and therefore of persistently higher interest rates) or the favorable magnitude of the planned fiscal expansion. Added to this is the reaction of monetary policy to the potential resurgence of inflationary seeds and to Donald Trump's desire to drive down the dollar.

We can also see a deepening of the economic decline in Europe, Germany and France, due to a loss of competitiveness – also linked to higher energy costs than on the other side of the Atlantic – and to the attractiveness of the Eurozone, in view of the race for industrial hegemony between the two main competitors, China and the United States. The race between the American champion and the Chinese outsider involves a budgetary headlong rush which is set to continue through 2025 and into 2026. Systems to support American industry, such as the Chips Act and the IRA, greatly increase the attractiveness of investments from the United States. The profitability gap in their favor could result in Europe losing out to the United States on key localization projects. As for the Chinese offensive, it is based on price competitiveness, coupled with a rise in technological range. Europe, which has suffered a largely specific energy crisis with the economic sanctions against Russia, has seen the price of its exports increase by more than 30% since the end of 2019, against a maximum of 5% for Chinese exports. In addition, the need to restore a certain fiscal discipline in the Member States of the Eurozone, after the overrun in public finances which was justified

by the pandemic, could lead certain countries, such as Italy and France, to present debt and public deficit reduction plans. This would then gradually involve a restriction on public spending, likely to cause a drop in demand.

Across the Atlantic, the Trump program is based on four main areas, namely deregulation, protectionism, reduction in taxation and public spending, and finally the control of migration flows. It would be moderately inflationary in the short term in 2025 but favorable to growth, while widening public (to more than 6% of GDP?) and commercial deficits. If the increase in tariffs is only 10%, it can probably be offset by the appreciation of the dollar and by the margins of exporters and distributors. Moreover, following the example of the first presidential term, it is not impossible that the anxiety-provoking statements of protectionism are more of a negotiating technique aimed at forcing Europe to take responsibility for financing its own defense and for China to strengthen its internal demand. The most significant protectionist measure, which would only take effect in 2026, concerns the 60% increase in customs duties *vis-à-vis* the Middle Kingdom, whose economy is tending to change (significant decline in the weight of real estate in favor of cutting-edge industries and technological services). In retaliation, while avoiding a war on increased customs duties, China may then make it more difficult to export certain strategic inputs such as Gallium, Germanium and Antimony.

In addition, the economic development of Europe's main trading partners, in particular China, could also present risks. Chinese public and private over-indebtedness is slowing down the country's ability to keep pace with growth. 10 years after the announcement of the China 2025 plan, which aimed for industrial pre-eminence in 10 key sectors, China's leadership is still only asserted at the cost of increased trade tensions with its American, Asian and European partners and the instability of the Chinese financial system.

In addition, other perennial sources of instability, such as the continuation of the war in Ukraine, the situation in the Middle East or the Red Sea, could cause tensions on oil and gas prices and shipping costs, resulting in upwards risk on inflation and downwards risk on activity. A scenario in which Ukraine is abandoned in its struggle against Russia could also create the conditions for a climate of concern for Europe. Without going as far as an invasion of Taiwan by China, a major escalation of tensions between these two countries is likely to lead to the implementation of severe sanctions against China, such as the freezing of all Chinese assets and the disconnection of China from all SWIFT platforms, similar to what happened in Russia after the invasion of Ukraine. This poses a major risk for the global economy, particularly for trade flows through the Taiwan Strait. It is used by almost half of the world's container ships, connecting the electronic equipment factories (leading semiconductors) in East Asia to the rest of the world. This corridor is also used to supply the continent with natural gas and oil. All this could still cause a deep recession, especially in Europe.

In France, in addition to a significant risk of an additional increase in the interest rate risk premium *vis-à-vis* Germany and a continued drift in public spending, a wait-and-see attitude may turn into mistrust, due to political instability. It may lead to rather cautious spending behavior by households and businesses, despite the a priori favorable effect of less budgetary consolidation. In particular, savings incentives may remain strong, slowing the expected decline in the household savings rate, due to a need for precaution, with rising unemployment and individual customers' concern about budgetary imbalances. Regarding companies, the proportion of business leaders who have said that they are postponing their planned investments and hires has increased significantly, according to the BPI France and Rexecode survey on SMEs and mid-sized companies in November 2024. Moreover, despite the relative maintenance of margin levels for all non-financial companies, the increase in financing costs is weighing on corporate profits. The latter fell to a historically low level in 2024. This could even result in an accentuation of the decline in productive investment, despite the improvement in monetary and financial conditions and the trend towards investment in digital and energy transitions. Furthermore, the rather modest improvement in household spending, the main driver of activity, would then be insufficient to counteract the increased prudence of companies in terms of employment, management of inventories and investment, due to the environment of still high interest rates, the deterioration of the cash position of VSEs/SMEs and the rise in insolvencies. In particular, nearly 66,500 companies have failed, reaching the highest level since at least 2009, according to a 2024 report prepared by BPCE L'Observatoire. In the fourth quarter of 2024 alone, 17,966 insolvencies were recorded, according to this source. This record number of insolvencies, which could have dangerous consequences, particularly in terms of jobs, constitutes a warning for economic and political players as we enter 2025, which already promises to be difficult on an economic level and uncertain on a political and budgetary level: 68,000 insolvencies are expected and 240,000 jobs are at risk.

However, the identical renewal of the services voted in the last Finance Act, in addition to the capacity of the French State to raise taxes and take on debt to finance itself as well as the Social Security must a priori lead to an *ex-ante* reduction in the budget deficit, hence a reduction in the budget impulse. The Finance Act for 2025 was adopted on February 5, 2025, and provides for an exceptional contribution on the profits of large companies that will only apply to the fiscal year ended December 31, 2025 (an exceptional contribution of 41.20%, increasing the effective tax rate to 36.2%). The corporate income tax rate remained at 25.83% for the fiscal year ended December 31, 2024.

The consensus forecasts presented for 2025, particularly for France, therefore reproduce the economic trends already at work, without necessarily integrating specific measures likely to be taken by the new government, nor the effects of an even more prolonged wait-and-see period, in the event of a misunderstood direction of economic policy.

Lastly, the physical risks related to extreme climate events (heat waves, fires, droughts, floods, etc.) or environmental degradation as well as the risks associated with the transition to an economy with a lower environmental impact are likely to have a material impact on people, companies and public players and have a negative impact on the French economy.

For more detailed information, see Sections 5.2 “Economic and financial environment” and 5.8 “2025 economic outlook” in the 2024 Universal Registration Document.

The risk of a pandemic (such as the coronavirus – Covid-19) and its economic consequences may continue to adversely impact the Group’s activities, results and financial position.

The emergence of Covid-19 in late 2019 and rapid spread of the pandemic across the globe led to a deterioration in economic conditions in multiple business sectors, a deterioration in the financial position of economic players, while also disrupting the financial markets. In response, many affected countries were forced to implement preventive health measures (closed borders, lockdown measures, restrictions on certain economic activities, etc.). Government (guaranteed loans, tax and social assistance, etc.) and banking (moratoriums) schemes were put in place. Some counterparties emerged weakened from this unprecedented period.

Massive fiscal and monetary policy measures to support activity were put in place between 2020 and 2022, notably by the French government (State-guaranteed loans for businesses and professional customers on the one hand, for individual customers on the other hand, short-time working measures as well as numerous other fiscal, social and bill-paying measures) and by the European Central Bank (more abundant and cheaper access to very large refinancing packages) with a restrictive monetary policy on rates over the last few quarters. Groupe BPCE has participated in the French State-guaranteed loan program in the interest of financially supporting its customers and helping them overcome the effects of this crisis on their activities and income (e.g., automatic six-month deferral on loans to certain professional customers and micro-enterprises/SMEs). There is no way to guarantee, however, that such measures will be enough to offset the negative impacts of the pandemic on the economy or to fully stabilize the financial markets over the long term. In particular, the repayment of State-guaranteed loans may lead to defaults on the part of borrowers and financial losses for Groupe BPCE up to the portion not guaranteed by the State.

Groupe BPCE may not achieve the objectives of its VISION 2030 strategic plan.

On June 26, 2024, Groupe BPCE presented its strategic plan “VISION 2030” based on three pillars: (i) forging our growth for the long term, (ii) giving our customers trust in their future, and (iii) expressing our cooperative values in all territories. The first pillar aims to make Groupe BPCE a leading banking group promoting diversified growth, open to partnerships, and capable of achieving high levels of performance. The second pillar aims to make the Group into a facilitator for access to housing for all, and for all types of needs, to be the go-to player for territorial competitiveness, to protect customers at every moment and stage in their lives, and to simplify customer relationship models (from 100% physical to 100% digital), notably with the help of AI. The third pillar aims to give full expression to the cooperative values promoted by the Group, which draws its strength from its multifaceted activities and the range of its expertise, from its positive global impact, and from its cooperative shareholders and employees, proud and committed in their day-to-day lives. The new growth model is being implemented in three major geographical circles – France, Europe and the rest of the World – and is based on organic growth, acquisitions, and partnerships.

This strategic vision is accompanied by a trajectory for 2026 based on a macroeconomic scenario that assumes, from 2025 onwards, a rebound in economic growth at rates that may vary from one geographic area to the next, a moderate fall in inflation in 2025 and 2026, a fall in the three-month Euribor and relative stability in long-term interest rates (10-year OAT).

The success of the 2026 financial trajectory is grounded in a large number of initiatives to be rolled out within the various business lines of Groupe BPCE. Although most of the goals defined in the strategic plan are expected to be achieved, some may not, owing to changes in the economic environment or possible changes in accounting and/or tax regulations. If Groupe BPCE does not achieve its goals, the 2026 financial trajectory could be affected.

Groupe BPCE may encounter difficulties in adapting, implementing and incorporating its policy governing acquisitions or joint ventures.

Groupe BPCE may consider acquisition or partnership opportunities in the future. Although Groupe BPCE carries out an in-depth analysis of any potential acquisitions or joint ventures, in general it is impossible to carry out an exhaustive appraisal in every respect. As a result, Groupe BPCE may have to manage initially unforeseen liabilities. Similarly, the results of the acquired company or joint venture may prove disappointing and the expected synergies may not be realized in whole or in part, or the transaction may give rise to higher-than-expected costs. Groupe BPCE may also encounter difficulties with the consolidation of new entities. The failure of an announced acquisition or failure to consolidate a new entity or joint venture may place a strain on Groupe BPCE’s profitability. This situation may also lead to the departure of key employees. In the event that Groupe BPCE is obliged to offer financial incentives to its

employees in order to retain them, this situation may also lead to an increase in costs and a decline in profitability. Joint ventures also expose Groupe BPCE to additional risks and uncertainties such as dependency on systems, controls and persons that would be outside its control and may, in this respect, see its liability incurred, suffer losses or incur damage to its reputation. Moreover, conflicts or disagreements between Groupe BPCE and its partners may have a negative impact on the targeted benefits of the joint venture.

At December 31, 2024, the total investments accounted for using the equity method amounted to €2.1 billion and that of goodwill amounted to €4.3 billion. For further information, please refer to Note 12.4.1 "Partnerships and associates" and Note 3.5 "Goodwill" to the consolidated financial statements of Groupe BPCE, included in the Universal Registration Document.

Intense competition in France, Groupe BPCE's main market, or internationally, may cause its net income and profitability to decline.

Groupe BPCE's main business lines operate in a very competitive environment both in France and other parts of the world where it does substantial business. This competition is heightened by consolidation, either through mergers and acquisitions or cooperation and arrangements. Consolidation has created a certain number of companies which, like Groupe BPCE, can offer a wide range of products and services ranging from insurance, loans and deposits to brokerage, investment banking and asset management. Groupe BPCE is in competition with other entities based on a number of factors, including the execution of transactions, products and services offered, innovation, reputation and price. If Groupe BPCE is unable to maintain its competitiveness 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.

For example, at December 31, 2024, in France, Groupe BPCE was the 1st bank for SMEs⁽¹⁾ and 2nd for individual, professional and self-employed customers. The Group had a 26% market share in home loans⁽²⁾. For Retail Banking and Insurance, loan outstandings amounted to €724 billion at December 31, 2024, compared to €719 billion at December 31, 2023, with savings deposits⁽³⁾ of €937 billion at December 31, 2024, compared to €918 billion at December 31, 2023 (for more information on the contribution of each business line, and each network, see Section 5.4.2 "The Group's business lines" of the 2024 Universal Registration Document).

In addition, any slowdown in the global economy or in the economies in which Groupe BPCE's main markets are located is likely to increase competitive pressure, in particular through increased pressure on prices and a contraction in the volume of activity of Groupe BPCE and its competitors. New, more competitive rivals subject to separate or more flexible regulation or other prudential ratio requirements could also enter the market. These new market participants would thus be able to offer more competitive products and services. Advances in technology and the growth of e-commerce have made it possible for institutions other than custodians to offer products and services that were traditionally considered as 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 Groupe BPCE's products and services or affect Groupe BPCE's market share. Advances in technology could lead to rapid and unexpected changes on Groupe BPCE's markets of operation. Groupe BPCE's competitive position, net income and profitability may be adversely affected should it prove unable to adequately adapt its activities or strategy in response to such changes.

Groupe BPCE's ability to attract and retain skilled employees is paramount to the success of its business and failing to do so may affect its performance.

The employees of Groupe BPCE entities are the Group's most valuable resource. Competition to attract qualified employees is fierce in many areas of the financial services sector. Groupe BPCE's earnings and performance depend on its ability to attract new employees and retain existing employees. The current upheavals (technological, economic and customer requirements), particularly in the banking sector, demand major efforts to support and train employees. Without enough support, this could prevent Groupe BPCE from taking advantage of potential opportunities in terms of sales or efficiency, which could in turn affect its performance.

At December 31, 2024, Groupe BPCE had a registered workforce of 103,418 employees.

Groupe BPCE could be exposed to unidentified or unanticipated risks that may have a negative impact on its results and financial position if its model-based risk measurement system should fail.

⁽¹⁾ 2023 Kantar SME-SMI survey.

⁽²⁾ Market share: 21.9% in household savings and 26.3% in home loans (Banque de France Q3-2024); 38.4% (tier 2) penetration rate among professional customers and individual entrepreneurs (Pépites 2021-2022 survey, CSA).

⁽³⁾ Balance sheet and financial savings.

Groupe BPCE's risk measurement system is based specifically on the use of models. Groupe BPCE's portfolio of models mainly includes the Corporate & Investment Banking market models and the credit models of Groupe BPCE and its entities. The models used for strategic decision-making and risk management monitoring (credit, financial (ALM and market), operational including compliance and climatic) could fail, exposing Groupe BPCE to unidentified or unanticipated risks that could result in significant losses.

Insurance risks

At December 31, 2024, net banking income from insurance activities increased by 10% (+€61 million) to €694 million compared to €633 million for 2023.

A deterioration in market conditions, in particular excessive fluctuations in interest rates (both upwards and downwards) and/or a deterioration in spreads or equity markets, or an increase in reinsurance costs could have a significant adverse impact on the financial position and solvency of Life and Non-Life insurance companies.

The main risk to which Groupe BPCE's insurance subsidiaries are exposed is financial risk. Exposure to this risk is mainly linked to the capital guarantee on the scope of euro funds for savings products and to unrealized capital gains or losses on portfolio investments.

Among financial risks, interest-rate risk is structurally significant due to the predominantly bond-based composition of assets backing commitments. Significant fluctuations in interest rates may have the following consequences:

- in the case of higher rates: reduce the competitiveness of the euro-denominated offer (by making new investments more attractive) and trigger waves of redemptions and major arbitration on unfavorable terms with unrealized capital losses on outstanding bonds;
- in the case of lower rates: in the long term, make the return on general funds too low to enable them to honor their capital guarantees.

As a result of asset allocation, the widening of spreads and the decline in the equity markets could also have a significant unfavorable impact on the results of Groupe BPCE's insurance activities, through the decline in the valuation of investments at fair value through profit or loss, as well as the constitution of provisions for impairment.

Moreover, the increase in claims and extreme events, particularly environmental events, could lead to an increase in reinsurance, reducing the overall profitability of the insurance activities.

A mismatch between the level and cost of claims anticipated by insurers, on the one hand, and premiums and provisions on the other, could have a significant adverse impact on the results and financial position of the non-life, personal protection and surety portion of its insurance activities.

The main risk to which Groupe BPCE's insurance subsidiaries are exposed in connection with these latter activities is underwriting risk. This risk arises from the mismatch between, on the one hand, the claims actually incurred and the sums actually paid out as compensation for them and, on the other hand, the assumptions used by subsidiaries to set their product rates and establish technical provisions for potential compensation.

Companies use both their own experience and industry data to establish loss ratio and actuarial estimates, including the pricing of insurance products and the establishment of related technical provisions. However, reality may differ from these estimates, and unforeseen risks such as pandemics or natural disasters could result in higher-than-expected payments to policyholders. In this respect, changes in climate phenomena (known as "physical" climate risks) are subject to particular vigilance.

In the event of claims exceeding the underlying assumptions initially used to establish provisions, or if events or trends lead to changes in the underlying assumptions, companies could be exposed to greater liabilities than anticipated, which could adversely affect their results and financial position. This could be the case in connection with the climatic hazards described above.

The various actions implemented in recent years, particularly in terms of financial coverage, reinsurance, business diversification and investment management, have contributed to the resilience of the solvency of Groupe BPCE's insurance subsidiaries.

Regulatory risks

Groupe BPCE is subject to many regulations in France and in several other countries around the world where it operates; regulatory measures and changes could have a material adverse impact on Groupe BPCE's business and results.

The business and results of Groupe BPCE entities may be materially impacted by the policies and actions of various regulatory authorities in France or the European Union, other governments of the European Union, the United States, foreign governments and international organizations. Such constraints may limit the ability of Groupe BPCE entities to expand their businesses or conduct certain activities. The nature and impact of future changes in such policies and regulatory measures are unpredictable and are beyond Groupe BPCE's control. Moreover, the general political environment has evolved unfavorably for banks and the financial industry, resulting in additional pressure on the part of legislative and regulatory bodies to adopt more stringent regulatory measures, despite the fact that these measures may have adverse consequences on lending and other financial activities, and on the economy. Because of the uncertainty surrounding the new legislative and regulatory measures, it is not possible to predict what impact they will have on Groupe BPCE; however, this impact may be highly adverse.

Groupe BPCE may have to reduce the size of some of its activities to comply with new requirements. New measures are also liable to increase the cost of compliance with new regulations. This could cause revenues and consolidated profit to decline in the relevant business lines, sales to decline in certain activities and asset portfolios, and asset impairment expenses.

The new banking package (CRR III/CRD VI directive) was published on June 19, 2024 in the Official Journal of the European Union. This banking package implements the last phase of the Basel III regulatory reform in the European Union. Most of the provisions of the CRR III are applicable from January 1, 2025. However, the rules relating to market risks have been postponed for one year to January 1, 2026. The implementation of these reforms may result in higher capital and liquidity requirements, which could impact Groupe BPCE funding costs.

On November 26, 2024, the Financial Stability Board ("FSB"), in consultation with the Basel Committee on Banking Supervision and national authorities, reported the 2024 list of global systemically important banks ("G-SIBs"). Groupe BPCE is classified as a G-SIB by the FSB. Groupe BPCE also appeared on the list of global systemically important financial institutions (G-SIFIs) in the 2024 fiscal year.

These regulatory measures, which may apply to various Groupe BPCE entities, and any changes in such measures may have a material adverse impact on Groupe BPCE's business and results.

Legislation and regulations have recently been enacted or proposed in recent years with a view to introducing a number of changes, some permanent, in the global financial environment. These new measures, aimed at avoiding a new global financial crisis, have significantly altered the operating environment of Groupe BPCE and other financial institutions, and may continue to alter this environment in the future. Groupe BPCE is exposed to the risk associated with changes in legislation and regulations. These include the new prudential backstop rules, which measure the difference between the actual provisioning levels of defaulted loans and guidelines including target rates, depending on the age of the default and the presence of guarantees.

In today's evolving legislative and regulatory environment, it is impossible to foresee the impact of these new measures on Groupe BPCE. The development of programs aimed at complying with these new legislative and regulatory measures (and updates to existing programs), and changes to the Group's information systems in response to or in preparation for new measures generates significant costs for the Group, and may continue to do so in the future. Despite its best efforts, Groupe BPCE may also be unable to fully comply with all applicable laws and regulations and may thus be subject to financial or administrative penalties. Furthermore, new legislative and regulatory measures may require the Group to adapt its operations and/or may affect its results and financial position. Lastly, new regulations may require Groupe BPCE to strengthen its capital or increase its total funding costs.

The late publication of regulatory standards could also lead to delays in their implementation in Groupe BPCE's tools.

The risk associated with regulatory measures and subsequent changes to such measures is significant for Groupe BPCE in terms of impact and probability, and is therefore carefully and proactively monitored.

BPCE may have to help entities belonging to the financial solidarity mechanism in the event they experience financial difficulties, including entities in which BPCE holds no economic interest.

As the central institution of Groupe BPCE, BPCE is responsible for ensuring the liquidity and solvency of each regional bank (Banques Populaires and Caisses d'Epargne) and the other members of the group of affiliates. The group of affiliates includes BPCE subsidiaries, such as Natixis, Crédit Foncier de France, Oney and Banque Palatine. In the case of Groupe BPCE, all the institutions affiliated with the central institution of Groupe BPCE benefit from a guarantee and solidarity system whose purpose, in accordance with Articles L.511-31, L.512-107-5 and L.512-107-6 of the French Monetary and Financial Code, is to guarantee the liquidity and solvency of all affiliated institutions and to organize financial solidarity within the Group.

This financial solidarity is based on legislative provisions establishing a legal principle of solidarity, imposing a performance obligation on the central institution to restore the liquidity or solvency of affiliates in difficulty and/or all affiliates of the Group. By virtue of the unlimited nature of the principle of solidarity, BPCE is entitled at any time to ask any one or several or all of the affiliates to contribute to the financial efforts that may be necessary to restore the situation, and may, if necessary, mobilize all the cash and equity capital of the affiliates in the event of difficulty for one or more of them.

The three guarantee funds created to cover Groupe BPCE's liquidity and insolvency risks are described in Note 1.2 "Guarantee mechanism" to the consolidated financial statements of Groupe BPCE included in this Universal Registration Document. At December 31, 2024, the Banque Populaire and Caisse d'Epargne funds each contained €450 million. The Mutual Guarantee Fund holds €197 million in deposits per network. The regional banks are obligated to make additional contributions to the guarantee fund on their future profits. While the guarantee fund represents a substantial source of resources to fund the solidarity mechanism, there is no guarantee these revenues will be sufficient. If the guarantee funds prove insufficient, BPCE, due to its missions as a central institution, will have to do everything necessary to restore the situation and will have the obligation to make up the deficit by implementing the internal solidarity mechanism that it has put in place, by mobilizing its own resources, and may also make unlimited use of the resources of several or all of its affiliates.

As a result of this obligation, if a member of the Group were to encounter major financial difficulties, the event underlying these financial difficulties could have a negative impact on the financial position of BPCE and that of the other affiliates thus called upon to provide support under the legal principle of financial solidarity.

Investors in BPCE's securities could suffer losses if BPCE and all of its affiliates were to be subject to liquidation or resolution procedures.

The EU regulation on the Single Resolution Mechanism No. 806/214 and the EU Directive for the recovery and resolution of banks No. 2014/59, as amended by EU Directive No. 2019/879 (the "BRRD"), as transposed into French law in Book VI of the French Monetary and Financial Code, give the resolution authorities the power to impair BPCE securities or, in the case of debt securities, to convert them to capital.

Resolution authorities may write down or convert capital instruments, such as BPCE's Tier-2 subordinated debt securities, if the issuing institution or the group to which it belongs is failing or likely to fail (and there is no reasonable prospect that another measure would avoid such failure within a reasonable time period), becomes non-viable, or requires extraordinary public support (subject to certain exceptions). They shall write down or convert additional capital instruments before opening a resolution proceeding, or if doing so is necessary to maintain the viability of an institution. Any write-down of capital instruments shall be effected in order of seniority, so that Common Equity Tier-1 instruments are to be written down first, then additional Tier-1 instruments are to be written down, followed by Tier-2 instruments. Additional capital instruments must be converted in order of priority, such that additional Tier-1 instruments are converted first followed by Tier-2 instruments. If the write-down or conversion of capital instruments is not sufficient to restore the financial health of the institution, the bail-in power held by the resolution authorities may be applied to write down or convert eligible liabilities, such as BPCE's senior non-preferred and senior preferred securities.

At December 31, 2024, total Tier-1 capital amounted to €73.8 billion and Tier-2 prudential capital to €12.2 billion. Senior non-preferred debt instruments amounted to €36.4 billion at that date, of which €32.5 billion had a maturity of more than one year and were therefore eligible for TLAC and MREL.

As a result of the complete legal solidarity, and in the extreme case of a liquidation or resolution proceeding, one or more affiliates may not find itself subject to court-ordered liquidation, or be affected by resolution measures within the meaning of the "BRRD", without all affiliates and BPCE also being affected. In accordance with Articles L.613-29 and L.613-55-5 of the French Monetary and Financial Code, the judicial liquidation proceedings and resolution measures are therefore brought in a coordinated manner with regard to the central institution and all of its affiliates.

Article L.613-29 also provides that, in the event of court-ordered liquidation proceedings being brought against all affiliates, the external creditors (of the same rank or enjoying identical rights) of all affiliates would be treated equally according to the ranking of the creditors and regardless of whether they are attached to a particular affiliated entity. As a result, investors in AT1 instruments and other securities of the same rank would be more affected than holders of Tier-2 and other securities of the same rank, which in turn would be more affected than investors in external senior non-preferred debt, which in turn would be more affected than investors in external senior preferred debt. Similarly,

in the event of resolution, and in accordance with Article L.613-55-5 of the French Monetary and Financial Code, identical depreciation and/or conversion rates would be applied to debts and receivables of the same rank, regardless of their attachment to a particular affiliated entity in the order of the hierarchy recalled above.

Due to the systemic nature of Groupe BPCE and the assessment currently made by the resolution authorities, resolution measures would be more likely to be taken than the opening of judicial liquidation proceedings. A resolution procedure may be initiated against BPCE and all affiliated entities if (i) the default of BPCE and all affiliated entities is proven or foreseeable, (ii) there is no reasonable expectation that another measure could prevent this failure within a reasonable timeframe, and (iii) a resolution measure is required to achieve the objectives of the resolution: (a) guarantee the continuity of critical functions, (b) avoid material adverse impacts to financial stability, (c) protect State resources by minimizing the use of exceptional public financial support and (d) protect customer funds and assets, particularly those of depositors. Failure of an institution means that it does not respect requirements for continuing authorization, it is unable to pay its debts or other liabilities when they fall due, it requires extraordinary public financial support (subject to limited exceptions), or the value of its liabilities exceeds the value of its assets.

In addition to the bail-in power, resolution authorities are provided with broad powers to implement other resolution measures with respect to failing institutions or, under certain circumstances, their groups, which may include (without limitation): the total or partial sale of the institution's business to a third party or a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor 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 listing and admission to trading 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 resolution authorities could result in the partial or total write-down or conversion to equity of the capital instruments and the debt instruments issued by BPCE, or may substantially affect the amount of resources available to BPCE to make payments on such instruments, potentially causing BPCE investors to incur losses.

Tax legislation and its application in France and in countries where Groupe BPCE operates are likely to have an adverse impact on Groupe BPCE's results.

As a multinational banking group that carries out large and complex international transactions, Groupe BPCE (particularly Natixis) is subject to tax legislation in a large number of countries throughout the world, and structures its activity in compliance with all applicable tax regulations. Changes in tax schemes by the competent authorities in these countries could materially impact Groupe BPCE's results. Groupe BPCE manages its activities with a view to creating value from the synergies and sales capabilities of its various constituent entities. It also strives to structure the financial products sold to its customers by factoring in their tax consequences and ensuring their full tax compliance. The structure of intra-group transactions and financial products sold by entities of Groupe BPCE are based on its own interpretations of applicable tax regulations and laws, generally based on opinions given by independent tax experts, and, as needed, on decisions or specific interpretations by the competent tax authorities. It is possible that in the future tax authorities may challenge some of these interpretations, as a result of which the tax positions of Groupe BPCE entities may be disputed by the tax authorities, potentially resulting in tax re-assessments, which may in turn have an adverse impact on Groupe BPCE's results. In France, the Barnier government being overthrow meant that the Finance Act for 2025 was not adopted before the end of 2024, which created uncertainty about the taxation levels of activities exercised in France by Groupe BPCE in respect of the 2024 fiscal year. The Finance Act for 2025 was adopted on February 5, 2025, and provides for an exceptional contribution on the profits of large companies that will only apply to the fiscal year ended December 31, 2025 (an exceptional contribution of 41.20%, increasing the effective tax rate to 36.2%). The corporate income tax rate remained at 25.83% for the fiscal year ended December 31, 2024.

3. CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

3.1 Regulatory framework

Banks' capital is regularly monitored in accordance with regulations defined by the Basel Committee.

These regulations were reinforced following the introduction of Basel III, with an increase in the level of regulatory capital requirements and the introduction of new risk categories.

The Basel III recommendations were incorporated in EU directive 2013/36/EU (Capital Requirements Directive – CRD IV) and Regulation No. 575/2013 (Capital Requirements Regulation – CRR) of the European Parliament and of the Council, as amended by Regulation (EU) No. 2019/876 (the “CRR2”). As of January 1, 2014, all EU banks are subject to compliance with the prudential requirements set out in these texts.

Banks subject to CRD and CRR are thus required to continuously observe:

- the Common Equity Tier-1 (CET1) ratio;
- the Tier-1 ratio, *i.e.*, CET1 plus Additional Tier-1 (AT1) capital;
- the total capital ratio, *i.e.*, Tier-1 plus Tier-2 capital; and
- as of January 1, 2016, the capital buffers which can be used to absorb losses in the event of tensions.

These buffers include:

- a capital conservation buffer, comprised of Common Equity Tier-1, aimed at absorbing losses in times of serious economic stress,
- a countercyclical buffer, aimed at protecting the banking sector from periods of excess aggregate credit growth. This Common Equity Tier-1 surcharge is supposed to be adjusted over time in order to increase capital requirements during periods in which credit growth exceeds its normal trend and to relax them during slowdown phases,
- a systemic risk buffer for each Member State aimed at preventing and mitigating the systemic risks that are not covered by regulations (low for Groupe BPCE in view of the countries in which the Group operates),
- the different systemic risk buffers aimed at reducing the risk of failure of systemically important financial institutions. These buffers are specific to each bank. Groupe BPCE is on the list of other systemically important institutions (O-SIIs) and global systemically important institutions (G-SIIs). As these buffers are not cumulative, the highest buffer applies.

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 risk and operational risk, multiplied by 12.5.

Until December 31, 2019, these ratios were subject to a transitional calculation, with the aim of gradually managing the transition from Basel 2.5 to Basel III.

In 2024, BRED Group is required to observe a minimum Common Equity Tier-1 ratio of 4.5% under Pillar I, a minimum Tier-1 capital ratio of 6% and, lastly, a minimum total capital ratio of 8%.

Alongside Pillar I minimum capital requirements, BRED Group is subject to additional Tier-1 capital requirements:

- the capital conservation buffer for Tier-1 capital is now equal to 2.5% of the total amount of risk exposure;
- the countercyclical buffer equals the EAD-weighted average of the buffers defined for each of the Group's countries of operation. BRED Group's maximum countercyclical buffer as from January 1, 2019 is 2.5%. The countercyclical buffer requirement is calculated quarterly. France's countercyclical buffer, set by the French Financial Stability Board (HCSF), has been 1% since January 2, 2024. As the majority of BRED Group's exposures are located in France (at 78%), BRED Group's countercyclical buffer rate was 0.85% at December 31, 2024.

Hybrid debt instruments eligible for equity under Basel II were subject to a transitional measure until 2021.

Banks must comply with the prudential requirements, which are based on three pillars that form an indivisible whole:

Pillar I

Pillar I sets minimum requirements for capital. It aims to ensure that banking institutions hold sufficient capital to provide a minimum level of coverage for their credit risk, market risk and operational risk. The bank can use standardized or advanced methods to calculate its capital requirement.

REMINDER OF PILLAR I REQUIREMENTS FOR BRED GROUP at December 31, 2024

	2023	2024
Exigences réglementaires minimales		
Fonds propres de base de catégorie 1 (CET1)	4,5%	4,5%
Total fonds propres de catégorie 1 (T1=CET1 + AT1)	6,0%	6,0%
Fonds propres prudentiels (T1 + T2)	8,0%	8,0%
Exigences complémentaires		
Coussin de conservation	2,5%	2,5%
Coussin contra-cyclique maximum ⁽¹⁾	2,5%	2,5%
Exigences globales maximales pour le Groupe BRED		
Fonds propres de base de catégorie 1 (CET1)	9,5%	9,5%
Total fonds propres de catégorie 1 (T1=CET1 + AT1)	11,0%	11,0%
Fonds propres prudentiels (T1 + T2)	13,0%	13,0%
⁽¹⁾ Le taux d'exigence du coussin contra-cyclique est calculé chaque trimestre		

Pillar II

Pillar II establishes a process of prudential supervision that complements and strengthens Pillar I.

It consists of:

- an analysis by the bank of all of its risks, including those already covered by Pillar I;
- an estimate by the bank of the capital requirement for these risks;
- a comparison by the banking supervisor of its own analysis of the bank's risk profile with the analysis conducted by the bank, in order to adapt its choice of prudential measures where applicable, which may take the form of capital requirements exceeding the minimum requirements or any other appropriate technique.

BRED Group is not subject to the regulatory Pillar II rate (P2R). Its overall regulatory ratio is 8.00%, plus the capital conservation buffer of 2.50% and a countercyclical buffer of 0.85%, which remains low in view of the countries in which the Group operates.

Pillar III

The purpose of Pillar III is to establish market discipline through a series of reporting requirements. These requirements – both qualitative and quantitative – are intended to improve financial transparency in the assessment of exposure to risks, risk assessment procedures and capital adequacy.

3.2 Scope of application

Regulatory scope

BRED Group is required to submit consolidated regulatory reports to the European Central Bank (ECB), the supervisory authority for Eurozone banks. Pillar III is therefore prepared on a consolidated basis.

The regulatory scope of consolidation is established based on the statutory scope of consolidation. The main difference between these two scopes lies in the consolidation method for insurance companies, which are accounted for by the equity method within the regulatory scope, regardless of the statutory consolidation method.

The following insurance companies are accounted for by the equity method within the prudential scope of consolidation:

- Prépar-Vie;
- Prépar-IARD;

EU CC2 – TRANSITION FROM CONSOLIDATED ACCOUNTING BALANCE SHEET TO PRUDENTIAL BALANCE SHEET

The table below shows the transition from a consolidated accounting balance sheet to a prudential balance sheet for BRED Group at December 31, 2024.

Bilan consolidé IFRS - Actif - 31/12/2024 en millions d'euros	Périmètre statutaire BRED	Retraitements prudentiels	Périmètre prudentiel BRED	Référence au tableau CC1
Caisses, banques centrales	11 155	-	11 155	
Actifs financiers à la juste valeur par résultat	14 980	-	14 980	
- Dont instruments de dettes	3 611	-	3 611	
- Dont instruments de capitaux propres	8 728	-	8 728	
- Dont portefeuille de prêts	146	-	146	
- Dont opérations de pensions	0	-	0	
- Dont instruments financiers dérivés	2 495	-	2 495	
- Dont Dépôts de garantie versés	0	-	0	
Instruments dérivés de couverture - JV positive	397	-	397	
Actifs financiers à la juste valeur par capitaux propres	22 903	-	22 903	
Titres de dette au coût amorti	2 649	-	2 649	
Prêts et créances sur les établissements de crédit	9 507	4	9 503	
Prêts et créances sur la clientèle	43 654	1	43 655	
Ecart de réévaluation des portefeuilles couverts en taux	5	-	5	
Placements des activités d'assurance	9 804	9 804	0	
Actifs d'impôts courants	39	2	41	
Actifs d'impôts différés	204	8	196	1
Comptes de régularisation et actifs divers	1 318	68	1 385	
Actifs non courants destinés à être cédés	0	-	0	
Participation aux bénéfices différée	0	-	0	
Participations dans les entreprises mises en équivalence	438	584	1 021	
Immeubles de placement	2	-	2	
Immobilisations corporelles	348	13	335	
Immobilisations incorporelles	62	1	61	2
Ecart d'acquisition	58	-	58	2
TOTAL	117 523	-9 177	108 346	
Bilan consolidé IFRS - Passif - 31/12/2024 en millions d'euros	Périmètre statutaire BRED	Retraitements prudentiels	Périmètre prudentiel BRED	
Banques centrales	0	0	0	
Passifs financiers à la juste valeur par le résultat	1 975	94	1 881	3
- Dont Titres vendus à découverts	96	-	96	
- Dont autres passifs détenus à des fins de transaction	-	-	-	
- Dont Instruments financiers dérivés	1 785	1	1 785	
- Dont dépôt de garantie reçus	-	-	-	
- Dont portefeuille évalué en valeur de marché sur option	94	94	-	
Instruments dérivés de couverture - JV négative	342	-	342	
Dettes représentées par un titre	7 761	0	7 761	
Dettes envers les établissements de crédit	24 048	0	24 047	
Dettes envers la clientèle	65 613	91	65 704	
Ecart de réévaluation des portefeuilles couverts en taux	-	-	-	
Passifs d'impôts courants	43	-	43	
Passifs d'impôts différés	10	0	10	1
Comptes de régularisation et passifs divers	1 325	3	1 327	
Dettes liées aux actifs non courants destinés à être cédés	-	-	-	
Passifs relatifs aux contrats des activités d'assurances	9 172	9 172	-	
Provisions	145	3	141	
Dettes subordonnées	5	0	5	3
Capitaux propres part du groupe BRED	6 981	0	6 981	4
Capital et primes liées	1 969	0	1 969	
Réserves consolidées	4 724	0	4 724	
Gains et pertes comptabilisés directement en autres éléments du résultat	-104	0	-104	
Résultat de la période	391	0	391	
Participations ne donnant pas le contrôle	104	0	104	5
TOTAL	117 523	-9 177	108 346	

3.3 Composition of regulatory capital

Regulatory capital

Regulatory capital is determined in accordance with Regulation No. 575/2013 of the European Parliament of June 26, 2013, on capital.

It is divided into three categories: Common Equity Tier-1 capital, Additional Tier-1 capital and Tier-2 capital. Deductions are made from these categories.

These categories are broken down according to decreasing degrees of solidity and stability, duration and degree of subordination.

BPCE01 – Regulatory capital

<i>en millions d'euros</i>	31/12/2024 Bâle III	31/12/2023 Bâle III
Capital et primes liées	1 969	1 901
Réserves consolidées	4 724	4 487
Résultat	391	319
Gains et pertes comptabilisés en capitaux propres	-104	-98
Capitaux propres consolidés part du groupe	6 981	6 609
TSSDI classés en capitaux propres	0	0
Capitaux propres consolidés part du groupe hors TSSDI classés en capitaux propres	6 981	6 609
Participations ne donnant pas le contrôle	12	11
- Dont filtres prudentiels	0	0
Déductions	-137	-62
- Dont écarts d'acquisition ⁽¹⁾	-76	-18
- Dont immobilisations incorporelles ⁽¹⁾	-61	-44
- Dont autres déductions	0	0
Retraitements prudentiels	-842	-945
- Dont déficit de provisions par rapport aux pertes attendues	-38	-141
- Dont Prudent Valuation	-81	-73
- Dont Instruments de fonds propres de base de catégorie 1 détenus dans des entités du secteur financier et dans lesquelles l'établissement ne détient pas d'investissements importants	-411	-402
- Dont éléments de déduction d'AT1 excédant les fonds propres additionnels de catégorie 1 (ligne 1.2.10)	-110	-114
- Dont couverture insuffisante pour les expositions non performantes déductions - Pilier 1	-30	-19
- Dont déductions additionnelles des fonds propres de base de catégorie 1 au titre de l'article 3 de la CRR (2)	-68	-64
Dont CET1 : éléments de capital ou déductions - Autres (3)	-55	-54
Dont Actifs du fonds de retraite défini	-5	-2
- Dont autres retraitements prudentiels	-44	-76
Fonds propres de base de catégorie 1 ⁽³⁾	6 014	5 613
Fonds propres additionnels de catégorie 1	0	0
Fonds propres de catégorie 1	6 014	5 613
Fonds propres de catégorie 2	0	0
TOTAL DES FONDS PROPRES PRUDENTIELS	6 014	5 613
⁽¹⁾ Y compris ceux des actifs non courants et entités destinés à être cédés classés comme détenus en vue de la vente		
⁽²⁾ Couverture insuffisante pour les expositions non performantes - Impact backstop Pilier 2 - déduit au niveau établissement		
⁽³⁾ Engagements de paiement irrévocables (EPI)		

Common Equity Tier-1 (CET1) capital

Core capital and deductions

Common Equity Tier-1 consists of:

- share capital;
- reserves, including revaluation differences and gains or losses recognized directly in other comprehensive income;
- additional paid-in capital or merger premiums;
- retained earnings;
- net income attributable to equity holders of the parent;
- unrecognized gains and losses recognized directly in shareholders' equity;
- non-controlling interests in banking or related subsidiaries for the share after CET1 eligibility caps.

The following deductions are made:

- treasury shares held and measured at their carrying amount;
- intangible assets, including start-up costs and goodwill;
- deferred tax assets and liabilities that rely on future profitability;
- prudential filters resulting from CRR Articles 32, 33, 34 and 35: gains or losses on cash flow hedges, gains on transactions in securitized assets, own credit risk;
- negative amounts arising from the deficit in provisions compared to expected losses, calculated on performing loans and loans in default;
- equity interests in eligible banking, financial and insurance institutions, according to the rules on allowances for these holding companies and the phase-in period;
- value adjustments arising from the prudent valuation of assets and liabilities measured at fair value according to a prudential method, deducting any value adjustments (prudent valuation);
- insufficient hedging of non-performing exposures under Pillar I and Pillar II.

These deductions are supplemented by capital items that are not covered by CRR2.

BPCE02 – CHANGES IN CET1 CAPITAL

<i>en millions d'euros</i>	Fonds propres CET1
31/12/2023	5 613
Emissions de parts sociales	68
Résultat net de distribution prévisionnelle	342
Autres éléments ⁽¹⁾	-10
31/12/2024	6 014
⁽¹⁾ Dont variations des gains et pertes comptabilisés directement en autres éléments du résultat non filtrés +3 millions d'euros	

BPCE03 – Breakdown of non-controlling interests (minority interests)

<i>en millions d'euros</i>	Intérêts minoritaires
Montant comptable (périmètre prudentiel) - 31/12/2024	104
TSSDI classés en intérêts minoritaires	
Minoritaires non éligibles	-76
Distribution prévisionnelle	
Ecrêtement sur minoritaires éligibles	-17
Autres éléments	1
Montant prudentiel - 31/12/2024	12

Additional Tier-1 (AT1) capital

Additional Tier-1 capital includes:

- subordinated instruments issued in compliance with the restrictive eligibility criteria set forth by CRR Article 52;
- additional paid-in capital related to these instruments.

The following deductions are made:

- equity interests in eligible banking, financial and insurance institutions, according to the rules on allowances for these holding companies.

BPCE04 – Change in AT1 capital

<i>en millions d'euros</i>	Fonds propres AT1
31/12/2023	0
Remboursements	0
Emissions	0
Effet change	0
Ajustements transitoires	0
31/12/2024	0

BRED did not have any AT1 capital at the end of 2024.

It should be noted that the subscription to the BPCE AT1 issue, recognized in the assets of BRED Group, is deducted from CET1 for an amount of €108.2 million net of allowances.

Tier-2 capital

Tier-2 capital consists of:

- subordinated instruments issued in compliance with the restrictive eligibility criteria set forth by CRR Article 63;
- additional paid-in capital related to Tier-2 items;
- the amount arising from provisions in excess of expected losses, calculated on performing loans and loans in default.

The following deductions are made:

- equity interests in eligible banking, financial and insurance institutions, according to the rules on allowances for these holding companies.

BPCE05 – Changes in Tier-2 capital

<i>en millions d'euros</i>	Fonds propres Tier 2
31/12/2023	0
Remboursement titres subordonnés	0
Décote prudentielle	0
Nouvelles émissions de titres subordonnés	0
Différence positive entre la somme des ajustements de valeur et des dépréciations collectives afférentes aux expositions IRB et les pertes attendues	0
Déductions et ajustements transitoires	0
Effet change	0
31/12/2024	0

Tier-2 capital equates to subordinated debt instruments of a minimum duration of five years. Since the end of 2018, BRED no longer has Tier-2 capital consisting of subordinated loans. Since 2023, BRED no longer has Tier-2 capital consisting of the positive difference between the expected loss and the accounting provisions for performing or non-performing loans, following a review of the rules for calculating this difference at Groupe BPCE level.

Regulatory capital requirements and risk-weighted assets

In accordance with Regulation No. 575/2013 (CRR) of the European Parliament as amended by Regulation (EU) No. 2019/876 (the “CRR2”), credit risk exposures can be measured using two approaches:

- the “standardized” approach, based on external credit ratings and specific risk weightings according to Basel exposure classes;
- the “internal ratings based” (IRB) approach, based on the financial institution’s internal ratings system, broken down into two categories:
 - the Foundation IRB approach – banks use only their probability of default estimates for this approach,
 - the Advanced IRB approach – banks use all their internal component estimates for this approach, *i.e.*, probability of default, loss given default, exposure at default and maturity.

EU OV1 – Overview of risk-weighted assets

en millions d'euros	31/12/2024	31/12/2023	31/12/2024
	Risques pondérés	Risques pondérés	Exigences minimales de fonds propres
Risques de crédit(hors risque de contrepartie)	29 901	28 826	2 392
- dont approche standard (AS)	10 864	8 371	869
- dont approche NI simple (F-IRB)	9 260	11 479	741
- dont Actions traitées en méthode de pondération simple	5 279	5 476	422
- dont approche NI avancé (A-IRB)	4 498	3 500	360
Risque de contrepartie	1 032	736	83
- dont méthode standard	419	311	34
- dont méthode du modèle interne (IMM)	-	-	-
- dont méthode de l'évaluation au prix de marché	-	-	-
- dont expositions sur une CCP	93	31	7
- dont ajustement sur l'évaluation de crédit - CVA	169	89	14
- dont autres CCR	351	305	28
Risque de règlement	0	0	0
Expositions de titrisation dans le portefeuille bancaire	373	312	30
- Dont approche SEC-IRBA	-	-	-
- Dont SEC-ERBA (y compris IAA)	373	312	30
- Dont approche SEC-SA	-	-	-
- Dont 1250% / déduction	-	-	-
Risque de marché	1 594	1 336	127
- dont approche standard (AS)	1 594	1 336	127
- dont approches fondées sur la méthode des modèles internes (MMI)	-	-	-
Risque opérationnel	2 809	2 565	225
- dont approche élémentaire	-	-	-
- dont approche standard	2 809	2 565	225
- dont approche de mesure avancée	-	-	-
Montants inférieurs aux seuils de déduction (avant pondération des risques de 250 %)	1 594	1 390	128
TOTAL	37 302	35 165	2 984

Note : Les risques pondérés et exigences en fonds propres au titre du risque de contrepartie sont présentés selon le modèle préconisé par l'EBA dans son rapport final du 14 décembre 2016 (risque de contrepartie à part et y compris CVA et risque lié à la contribution au fonds de défaillance).

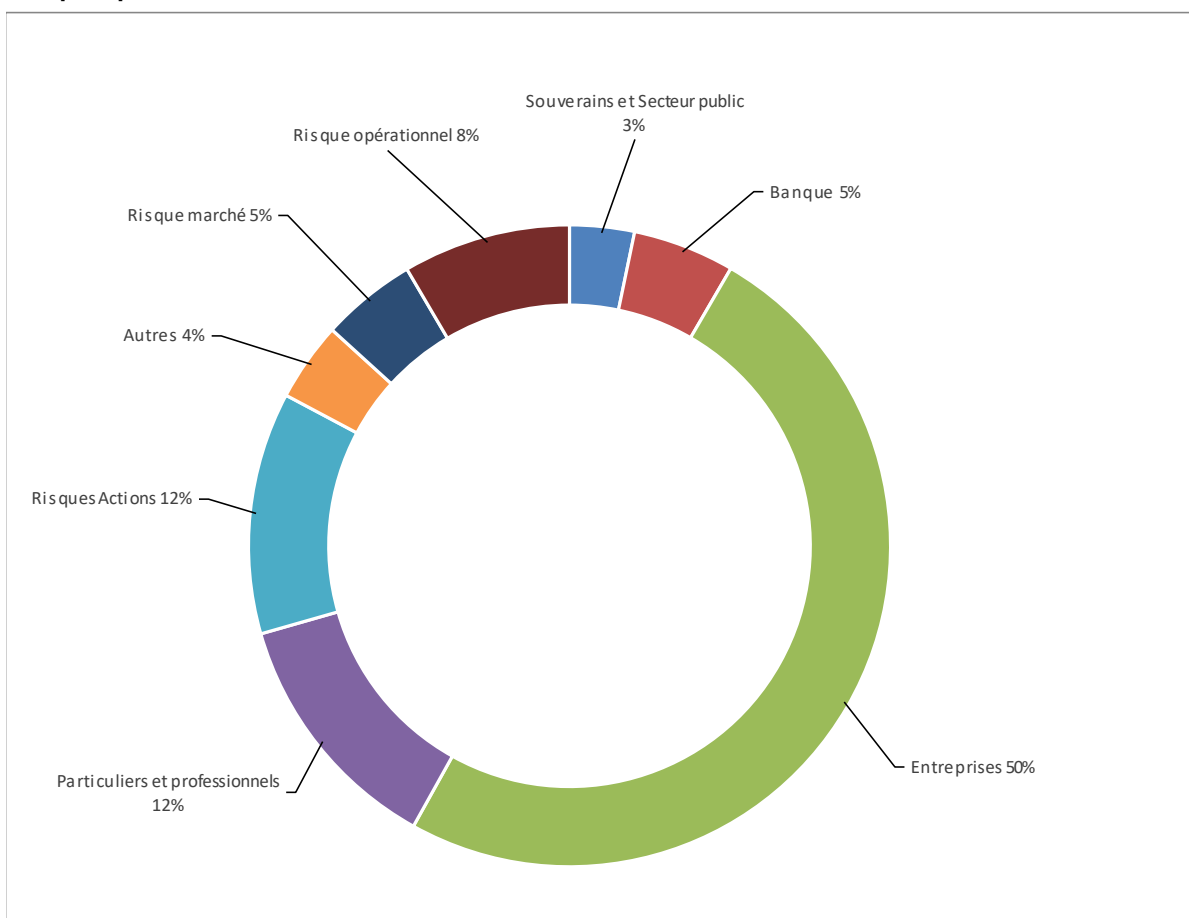
The methodology applied for IRB approaches is described in greater detail in the section "Credit risk."

In addition to the requirements related to counterparty risk in market transactions, the regulation of June 26, 2013 provides for the calculation of an additional charge to hedge against the risk of loss associated with counterparty credit risk (CCR). Capital requirements for the Credit Valuation Adjustment (CVA) are determined using the Standardized Approach.

Summary of risk-weighted assets

The table below complies with the CRR format, presenting capital requirements for credit and counterparty risks, before the CVA and after the application of risk mitigation techniques.

Risques pondérés hors franchise ratio solvabilité Bâle 3



Total RWA 37,3 Mrds € dont franchises 4,1 Mrds €

BPCE06 – RISK-WEIGHTED ASSETS BY TYPE OF RISK AND BUSINESS LINE

Bale III 31/12/2024				
<i>En millions d'euros</i>	Risque de crédit ⁽¹⁾	Risque de marché	Risque opérationnel	Total
Banque commerciale ⁽²⁾	13 394	207	1 212	14 812
Banque de Financement et d'Investissement	8 445	795	716	9 956
Banque à l'international ⁽³⁾	6 642	319	547	7 508
Gestion consolidée des investissements	4 418	273	334	5 025
TOTAL DES RISQUES PONDERES	32 900	1 594	2 809	37 302
⁽¹⁾ Y compris CVA				
⁽²⁾ Y compris ALM				
⁽³⁾ Y compris financement du négoce international				

Bale III 31/12/2023 pro forma				
<i>En millions d'euros</i>	Risque de crédit ⁽¹⁾	Risque de marché	Risque opérationnel	Total
Banque commerciale ⁽²⁾	14 058	115	1 411	15 585
Banque de Financement et d'Investissement	8 043	825	614	9 482
Banque à l'international ⁽³⁾	4 975	263	330	5 569
Gestion consolidée des investissements	4 187	132	210	4 530
TOTAL DES RISQUES PONDERES	31 264	1 336	2 565	35 165
⁽¹⁾ Y compris CVA				
⁽²⁾ Y compris ALM				
⁽³⁾ Y compris financement du négoce international				

NB: The presentation of December 31, 2023 has been reviewed and aligned with the new presentation of December 31, 2024.

EU INS1 – Non-deducted participations in insurance undertakings

		31/12/2024	
		a	b
		Valeur exposée au risque	Montant d'exposition au risque
1	Instruments de fonds propres détenus dans des entreprises d'assurance ou de réassurance ou des sociétés holding d'assurance non déduits des fonds propres	584	2 159

		31/12/2023	
		a	b
		Valeur exposée au risque	Montant d'exposition au risque
1	Instruments de fonds propres détenus dans des entreprises d'assurance ou de réassurance ou des sociétés holding d'assurance non déduits des fonds propres	549	2 033

3.4 Management of Group capital adequacy

The methods used by BRED Group to calculate risk-weighted assets are described in Section 3.4 “Regulatory capital requirements and risk-weighted assets”.

BPCE07 – Regulatory capital and Basel III capital adequacy ratios

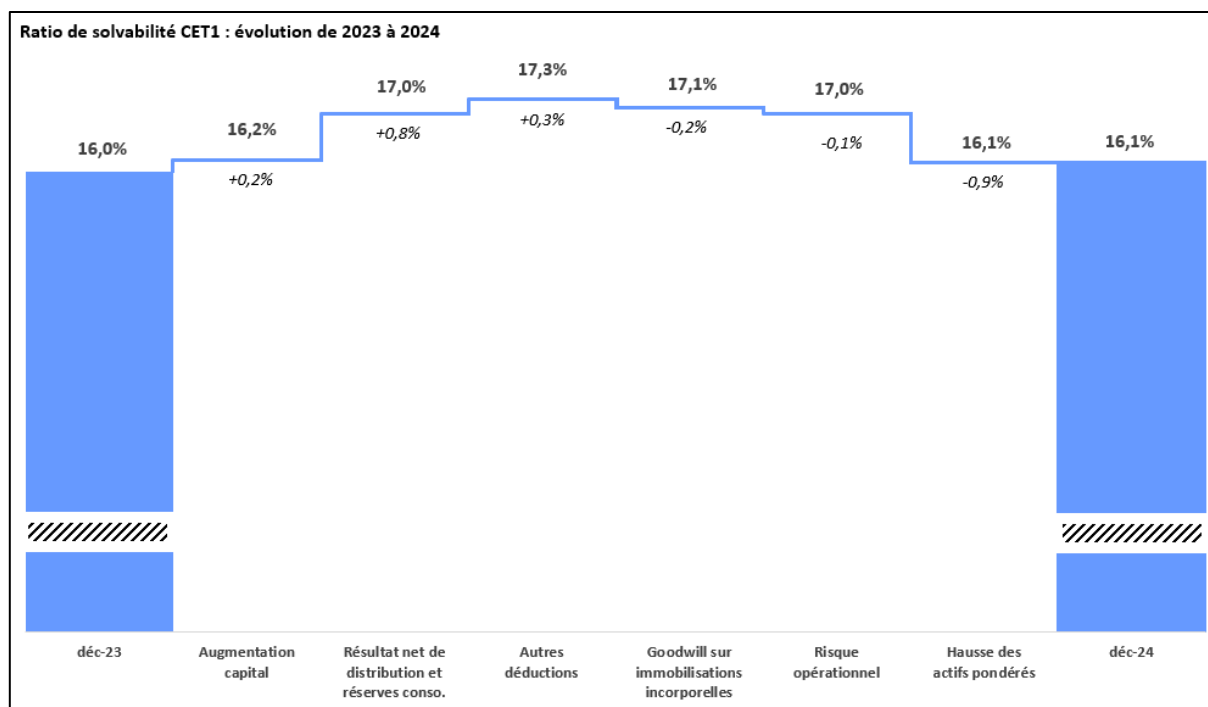
<i>en millions d'euros</i>	31/12/2024 Bâle III	31/12/2023 Bâle III
Fonds propres de base de catégorie 1 (CET1)	6 014	5 613
Fonds propres additionnels de catégorie 1 (AT1)	0	0
TOTAL FONDS PROPRES DE CATEGORIE 1 (T1)	6 014	5 613
Fonds propres de catégorie 2 (T2)	0	0
TOTAL FONDS PROPRES PRUDENTIELS	6 014	5 613
Expositions en risque au titre du risque de crédit	32 730	31 175
Expositions en risque au titre du risque du règlement livraison	0	0
Expositions en risque au titre d'ajustement de l'évaluation de crédit (CVA)	169	89
Expositions en risque au titre du risque de marché	1 594	1 336
Expositions en risque au titre du risque opérationnel	2 809	2 565
TOTAL DES EXPOSITIONS EN RISQUE	37 302	35 165
Ratios de solvabilité		
Ratio de Common Equity Tier 1	16,1%	16,0%
Ratio de Tier 1	16,1%	16,0%
Ratio de solvabilité global	16,1%	16,0%

Changes in BRED Group's capital adequacy in 2024

The Common Equity Tier-1 ratio was 16.1% on December 31, 2024, compared to 16.0% on December 31, 2023.

Moreover, the change in the Common Equity Tier-1 ratio in 2024 is due to:

- growth in Common Equity Tier-1 capital, driven in particular by earnings placed in reserves and the capital increase;
- lower deductions compared to 2023;
- goodwill on intangible assets related to the acquisition of the BRED Madagasikara subsidiary;
- the increase in risk-weighted assets related to the business.



At December 31, 2024, the Tier-1 ratio and the total capital ratio stood at 16.1% compared to 16.0% at December 31, 2023.

As BRED Group's prudential capital consisted solely of CET1 Tier-1 capital at December 31, 2024, its overall capital adequacy ratio is equal to its CET1 solvency ratio.

It stood at a very good level of 16.1% at the end of the fiscal year, up 0.1 points year-on-year.

This sound ratio demonstrates BRED's great capacity to create capital by allocating earnings to reserves and by issuing shares to its members.

BRED Group's capital adequacy management policy

Capital and total loss absorbing capacity (TLAC) targets are determined according to Groupe BPCE's target ratings, in line with prudential constraints.

Capital adequacy management is therefore subject to a high management buffer which not only greatly exceeds prudential constraints on capital adequacy ratios, but is also well above the trigger for the Maximum Distributable Amount.

Thus, the management of capital and loss-absorbing capacity is less sensitive to prudential changes and leads the Group to build its capacity to absorb losses mainly from the CET1.

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

Secondly, due to its affiliation with the group's central institution, its capital adequacy is also guaranteed by the central institution, BPCE SA (see Article L.511-31 of the French Monetary and Financial Code). Thus, where applicable, an affiliated institution may benefit from the implementation of Groupe BPCE's own guarantee and solidarity system (see the French Monetary and Financial Code, Article L.512-107 par. 6), which federates the own funds of all of the banks in the Banque Populaire and Caisse d'Epargne networks.

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 October 10, 2014.

The entry into force of the Capital Requirements Regulation, known as “CRR2”, makes the leverage ratio a binding requirement applicable since June 28, 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 Consignations for the total amount centralized;
- transactions carried out with other Groupe BPCE establishments weighted at 0% for the purposes of the calculation of weighted risks.

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.

The leverage ratio is not sensitive to risk factors and as such, it is considered as a measure that complements the solvency and liquidity management system, which already limits the size of the balance sheet.

BRED Group's leverage ratio, calculated according to the rules of the CRR2 capital requirements regulation, amounted to 6.09% at December 31, 2024, based on Tier-1 capital and with the application of the CCR2 regulation allowing the exemption of certain exposures.

EU LR1 - LRSUM - TRANSITION FROM STATUTORY BALANCE SHEET TO LEVERAGE EXPOSURE

<i>en millions d'euros</i>		Montant applicable	
		31/12/2024	31/12/2023
1	Total de l'actif selon les états financiers publiés	117 523	110 829
2	Ajustement pour les entités consolidées d'un point de vue comptable mais qui n'entrent pas dans le périmètre de la consolidation prudentielle	-9 177	-8 621
3	(Ajustement pour les expositions titrisées qui satisfont aux exigences opérationnelles pour la prise en compte d'un transfert de risque)	0	0
4	(Ajustement pour l'exemption temporaire des expositions sur les banques centrales (le cas échéant))	0	0
5	(Ajustement pour actifs fiduciaires comptabilisés au bilan conformément au référentiel comptable applicable mais exclus de la mesure totale de l'exposition au titre de l'article 429 bis, paragraphe 1, point i), du CRR)	0	0
6	Ajustement pour achats et ventes normalisés d'actifs financiers faisant l'objet d'une comptabilisation à la date de transaction	0	0
7	Ajustement pour les transactions éligibles des systèmes de gestion centralisée de la trésorerie	0	0
8	Ajustement pour instruments financiers dérivés	-553	-1 107
9	Ajustement pour les opérations de financement sur titres (OFT)	1 250	2 785
10	Ajustement pour les éléments de hors bilan (résultant de la conversion des expositions de hors bilan en montants de crédit équivalents)	5 769	5 505
11	(Ajustement pour les corrections de valeur à des fins d'évaluation prudente et les provisions spécifiques et générales qui ont réduit les fonds propres de catégorie 1)	-81	-73
EU-11a	(Ajustement pour expositions exclues de la mesure de l'exposition totale en vertu de l'article 429 bis, paragraphe 1, point c), du CRR)	-13 394	-14 911
EU-11b	(Ajustement pour expositions exclues de la mesure de l'exposition totale en vertu de l'article 429 bis, paragraphe 1, point j), du CRR)	-2 303	-2 061
12	Autres ajustements	-315	-695
13	Mesure de l'exposition totale	98 720	91 651

Financial conglomerate ratio

As an institution exercising banking and insurance activities, BRED Group is also required to comply with a financial conglomerate ratio. This ratio is determined by comparing the financial conglomerate's total capital against all the regulatory capital requirements for its banking and insurance activities.

The financial conglomerate ratio demonstrates that the prudential capital sufficiently covers the total regulatory capital requirements for its banking activities (in accordance with the rules of the CRR) and insurance sector activities, in accordance with the Solvency 2 regulation.

The calculation of surplus capital is based on the statutory scope. Insurance company capital requirements, determined for the banking capital adequacy ratio by weighting the equity-method value, are replaced with capital requirements based on the solvency margin. The capital requirements within the banking scope are determined by multiplying the risk-weighted assets by the applicable rate under Pillar II, *i.e.*, 11.35% at December 31, 2024, compared to 10.94% at December 31, 2023.

At December 31, 2024, BRED Group's surplus capital amounted to €1.7 billion.

3.5 Detailed quantitative information

The detailed quantitative information relating to capital management and capital requirements in the following tables enhances the information in the previous section under Pillar III.

EU LI3 – EXPLANATION OF DIFFERENCES BETWEEN THE STATUTORY AND PRUDENTIAL SCOPE OF CONSOLIDATION

Within BRED Group, the following two entities are fully consolidated within the statutory scope of consolidation, and within the prudential scope of consolidation using the equity method:

- Prépar IARD;
- Prépar Vie.

For the other entities, there is no difference between the prudential scope and the statutory scope.

	Nationalité	% de contrôle	% d'intérêt	Méthode de consolidaiton prudentielle		
CONSOLIDATION PAR INTEGRATION GLOBALE				Intégration Globale	Intégration proportionnelle	Mise en équivalence
Société mère						
BRED Banque Populaire - 18, quai de la Rapée - 75012 Paris	F					
Entreprises à caractère financier - Établissements de crédit						
Banque Franco Lao - 11 Lane Xang avenue - Hatsady Village - Chantabouly District Ventiana Capital - Lao Pdr - Laos	E	70,00	70,00	x		
BCI Mer Rouge - Avenue Mahamoud HAID, Plateau de Marabou - BP 2122 - Djibouti	E	51,00	51,00	x		
BIC BRED - 18, quai de la Rapée - 75012 Paris	F	100,00	100,00	x		
BIC BRED Suisse - Boulevard du théâtre 8, 1204 Genève - Suisse	E	100,00	100,00	x		
BRED Bank Fidji Ltd - Tapoo city Building 5th Floor- Suva - Fiji Islands	E	90,00	90,00	x		
Bred Bank Cambodge - 30 Norodom bld, SANGRAT PHSAR THMEY 3 KHAN DAUN PENH Phnom Penh - Cambodge	E	100,00	100,00	x		
BRED Cofilease - 18, quai de la Rapée - 75012 Paris	F	100,00	100,00	x		
BRED Gestion - 18, quai de la Rapée - 75012 Paris	F	100,00	100,00	x		
BRED Vanuatu Lini Highway - PMB 9 088 Port Vila - République du Vanuatu	E	85,00	85,00	x		
EPBF - 181, Chaussée de la Hulpe - 1170 Bruxelles - Belgique	E	100,00	100,00	x		
SBE - Immeuble Village 1- 33 Place Ronde - 92800 Puteaux la Defense	F	90,00	50,00	x		
Socama BRED - 18, quai de la Rapée - 75012 Paris	F	100,00	6,20	x		
Sofider - 3 rue Labourdonnais - 97400 Saint-Denis de La Réunion	F	100,00	100,00	x		
Bred Solomon Island - Kukum Highway Plaza - PO Box 1639 Honiara - Solomon Islands	E	85,00	85,00	x		
BRED Madagasikara Banque Populaire - 14, rue général Rabehevitra - 101 Antananarivo - Madagascar	E	70,00	70,00	x		
Établissements financiers autres qu'établissements de crédit						
Cofibred - 18 quai de la Rapée - 75012 Paris	F	100,00	100,00	x		
NJR Invest - 181, Chaussée de la Hulpe - 1170 Bruxelles - Belgique	E	100,00	100,00	x		
Promepar ASSET MANAGEMENT - 18, quai de la Rapée - 75012 Paris	F	100,00	100,00	x		
Soredom - 12 bd du général de Gaulle - 97200 Fort-de-France	F	100,00	100,00	x		
Autres entreprises à caractère financier						
Adaxtra Capital - 18, quai de la Rapée - 75012 Paris	F	100,00	100,00	x		
BRED IT - 44, Smooth Life Tower 20th and 21th Floor, North Sathorn Road, Silom Sub District, Bang Rak District, Bangkok - Thaïlande	E	100,00	100,00	x		
Cofeg - 18, quai de la Rapée - 75012 Paris	F	100,00	100,00	x		
FCC Elide - 41, avenue de l'opéra - 75002 Paris	F	100,00	100,00	x		
Foncière du Vanuatu - 1st Floor Kumul Highway- Port Vila - République du Vanuatu	E	100,00	100,00	x		
IRR Invest - 181, Chaussée de la Hulpe - Boîte 10 - 1170 Bruxelles - Belgique	E	100,00	100,00	x		
Perspectives Entreprises - 18, quai de la Rapée - 75012 Paris	F	100,00	100,00	x		
Prepar Courtage - 33 place Ronde Imm village 1 Quartier Valmy CS 90241 92981 Paris la Defense Cedex	F	100,00	100,00	x		
SPIG - 18, quai de la Rapée - 75012 Paris	F	100,00	100,00	x		
Ingépar - Imm - village 1 Quartier Valmy - 33 Place Ronde CS 40245 92981 Paris la Defense Cedex	F	100,00	100,00	x		
Entreprises non financières - Assurances						
Prepar Iard - Imm village 1- Quartier Valmy 33 Place Ronde CS 90241, 92981 Paris la Defense Cedex	F	100,00	100,00			x
Prepar-Vie - Imm. Village 1 - Quartier Valmy 33 Place Ronde CS 90241, 92981 Paris la Defense Cedex	F	99,98	99,98			x
CONSOLIDATION PAR MISE EN EQUIVALENCE						
Établissements de crédit						
ACLEDA - 61 Preah Monivong Blvd - Kahn Daun Penh - Phnom Penh - Cambodge	E	12,13	12,13			x
BCEL - 1, Pangkam street - Bang Xiengneun, Vientiane, Laos	E	10,00	10,00			x
BCI - 54, avenue de la Victoire BP K 5 - 98849 Noumea	F	49,90	49,90			x
Socredo - 115, rue Dumont d'Urville - BP 130 - 98713 Papeete - Tahiti - Polynésie	F	15,00	15,00			x

EU CC1 – COMPOSITION OF REGULATORY CAPITAL BY CATEGORY

The following table is presented in the format of Appendix VI, Commission Implementing Regulation (EU) No. 1423/2013 of December 20, 2013. For simplicity, the descriptions presented below are those of Appendix VI.

		31/12/2024		31/12/2023
N° ligne	Libellé agrégat	(A) Montant à la date de publication	Source basée sur les numéros/lettres de référence du bilan selon le périmètre de consolidation réglementaire	

Fonds propres de base de catégorie 1 : instruments et réserves

1	Instruments de fonds propres et comptes des primes d'émission y afférents	1 969	3	1 901
	dont : actions ordinaires			
	dont : instruments de type 2			
	dont : instruments de type 3			
2	Bénéfices non distribués (1)	110	3	110
3	Autres éléments du résultat global accumulés (et autres réserves)	4 510	3	4 279
3a	Fonds pour risques bancaires généraux	0		0
	Montant des éléments éligibles visés à l'article 484, paragraphe 3, du CRR et comptes des primes d'émission y afférents soumis à exclusion progressive des CET1	0		0
4	Intérêts minoritaires (montant autorisé en CET1 consolidés)	12	4	11
	Bénéfices intermédiaires, nets de toute charge et de tout dividende prévisible, ayant fait l'objet d'un contrôle indépendant	342	3	263
5a				
6	Fonds propres de base de catégorie 1 (CET1) avant ajustements réglementaires	6 944		6 564

Fonds propres de base de catégorie 1 (CET1) : ajustements réglementaires

7	Corrections de valeur supplémentaires (montant négatif)	-81		-73
8	Immobilisations incorporelles (nettes des passifs d'impôt associés) (montant négatif)	-137	1	-62
9	Sans objet			
	Actifs d'impôt différé dépendant de bénéfices futurs à l'exclusion de ceux résultant de différences temporelles (nets des passifs d'impôt associés lorsque les conditions prévues à l'article 38, paragraphe 3, du CRR sont réunies) (montant négatif)	0		-3
10	Réserves en juste valeur relatives aux pertes et aux gains générés par la couverture des flux de trésorerie des instruments financiers qui ne sont pas évalués à la juste valeur	5		-15
11	Montants négatifs résultant du calcul des montants des pertes anticipées	-38		-141
12	Toute augmentation de valeur des capitaux propres résultant d'actifs titrisés (montant négatif)	0		0
13	Pertes ou gains sur passifs évalués à la juste valeur et qui sont liés à l'évolution de la qualité de crédit de l'établissement	0		0
14	Actifs de fonds de pension à prestations définies (montant négatif)	-5		-2
15	Détentions directes, indirectes et synthétiques, par un établissement, de ses propres instruments CET1 (montant négatif)	0		0
16	Détentions directes, indirectes et synthétiques d'instruments CET1 d'entités du secteur financier lorsqu'il existe une détention croisée avec l'établissement visant à accroître artificiellement les fonds propres de l'établissement (montant négatif)	0		0
17	Détentions directes, indirectes et synthétiques d'instruments CET1 d'entités du secteur financier dans lesquelles l'établissement ne détient pas d'investissement important (montant au-dessus du seuil de 10 %, net des positions courtes éligibles) (montant négatif)	-411		-402
18	Détentions directes, indirectes et synthétiques d'instruments CET1 d'entités du secteur financier dans lesquelles l'établissement détient un investissement important (montant au-dessus du seuil de 10 %, net des positions courtes éligibles) (montant négatif)	0		0
19	Sans objet			
20	Montant des expositions aux éléments suivants qui reçoivent une pondération de 1 250 %, lorsque l'établissement a opté pour la déduction	0		0
20a	dont: participations qualifiées hors du secteur financier (montant négatif)	0		0
20b	dont: positions de titrisation (montant négatif)	0		0
20c	dont: positions de négociation non dénouées (montant négatif)	0		0
20d	Actifs d'impôt différé résultant de différences temporelles (montant au-dessus du seuil de 10 %, net des passifs d'impôt associés lorsque les conditions prévues à l'article 38, paragraphe 3, du CRR sont réunies) (montant négatif)	0		0
21	Montant au-dessus du seuil de 17,65 % (montant négatif)	0		0
22	dont: detentions directes, indirectes et synthétiques, par l'établissement, d'instruments CET1 d'entités du secteur financier dans lesquelles il détient un investissement important	0		0
23	Sans objet			
24	dont: actifs d'impôt différé résultant de différences temporelles	0		0
25	Pertes de l'exercice en cours (montant négatif)	0		0
25a	Charges d'impôt prévisibles relatives à des éléments CET1, sauf si l'établissement ajuste dûment le montant des éléments CET1 dans la mesure où ces impôts réduisent le montant à concurrence duquel ces éléments peuvent servir à couvrir les risques ou pertes (montant négatif)	0		0
25b	Sans objet			
26	Déductions AT1 admissibles dépassant les éléments AT1 de l'établissement (montant négatif)	-110		-114
27	Autres ajustements réglementaires	-153		-139
27a				
28	Total des ajustements réglementaires aux fonds propres de base de catégorie 1 (CET1)	-930		-951
29	Fonds propres de base de catégorie 1 (CET1)	6 014		5 613

Fonds propres additionnels de catégorie 1 (AT1) : instruments

30	Instruments de fonds propres et comptes des primes d'émission y afférents	0		0
31	dont: classés en tant que capitaux propres selon le référentiel comptable applicable	0		0
32	dont: classés en tant que passifs selon le référentiel comptable applicable	0		0
33	Montant des éléments éligibles visés à l'article 484, paragraphe 4, du CRR et comptes des primes d'émission y afférents soumis à exclusion progressive des AT1	0		0
EU-33a	Montant des éléments éligibles visés à l'article 494 bis, paragraphe 1, du CRR soumis à exclusion progressive des AT1	0		0
EU-33b	Montant des éléments éligibles visés à l'article 494 ter, paragraphe 1, du CRR soumis à exclusion progressive des AT1	0		0
34	Fonds propres de catégorie 1 éligibles inclus dans les fonds propres consolidés AT1 (y compris intérêts minoritaires non inclus dans la ligne 5) émis par des filiales et détenus par des tiers	0		0
35	dont: instruments émis par des filiales soumis à exclusion progressive	0		0
36	Fonds propres additionnels de catégorie 1 (AT1) avant ajustements réglementaires	0		0

Fonds propres additionnels de catégorie 1 (AT1) : ajustements réglementaires

37	Détentions directes, indirectes et synthétiques, par un établissement, de ses propres instruments AT1 (montant négatif)	0		0
38	Détentions directes, indirectes et synthétiques d'instruments AT1 d'entités du secteur financier lorsqu'il existe une détention croisée avec l'établissement visant à accroître artificiellement les fonds propres de l'établissement (montant négatif)	0		0
39	Détentions directes, indirectes et synthétiques d'instruments AT1 d'entités du secteur financier dans lesquelles l'établissement ne détient pas d'investissement important (montant au-dessus du seuil de 10 %, net des positions courtes éligibles) (montant négatif)	-108		-112
40	Détentions directes, indirectes et synthétiques d'instruments AT1 d'entités du secteur financier dans lesquelles l'établissement détient un investissement important (net des positions courtes éligibles) (montant négatif)	0		0
41	Sans objet	0		0
42	Déductions T2 admissibles dépassant les éléments T2 de l'établissement (montant négatif)	-2		-2
42a	Autres ajustements réglementaires des fonds propres AT1	0		0
43	Total des ajustements réglementaires aux fonds propres additionnels de catégorie 1 (AT1)	-110		-114
44	Fonds propres additionnels de catégorie 1 (AT1)	0		0
45	Fonds propres de catégorie 1 (T1 = CET1 + AT1)	6 014		5 613

Fonds propres de catégorie 2 : instruments et provisions

46	Instruments de fonds propres et comptes des primes d'émission y afférents	0	2	0
47	Montant des éléments éligibles visés à l'article 484, paragraphe 5, du CRR et des comptes des primes d'émission y afférents soumis à exclusion progressive des T2 conformément à l'article 486, paragraphe 4, du CRR	0		0
EU-47a	Montant des éléments éligibles visés à l'article 494 bis, paragraphe 2, du CRR soumis à exclusion progressive des T2	0		0
EU-47b	Montant des éléments éligibles visés à l'article 494 ter, paragraphe 2, du CRR soumis à exclusion progressive des T2	0	2	0
48	Instruments de fonds propres éligibles inclus dans les fonds propres consolidés T2 (y compris intérêts minoritaires et instruments AT1 non inclus dans les lignes 5 ou 34) émis par des filiales et détenus par des tiers	0		0
49	dont: instruments émis par des filiales soumis à exclusion progressive	0		0
50	Ajustements pour risque de crédit	0		0
51	Fonds propres de catégorie 2 (T2) avant ajustements réglementaires	0		0

Fonds propres de catégorie 2 (T2) : ajustements réglementaires

52	Détentions directes, indirectes et synthétiques, par un établissement, de ses propres instruments et emprunts subordonnés T2 (montant négatif)	0		0
53	Détentions directes, indirectes et synthétiques d'instruments et emprunts subordonnés T2 d'entités du secteur financier lorsqu'il existe une détention croisée avec l'établissement visant à accroître artificiellement les fonds propres de l'établissement (montant négatif)	0		0
54	Détentions directes, indirectes et synthétiques d'instruments et d'emprunts subordonnés T2 d'entités du secteur financier dans lesquelles l'établissement ne détient pas d'investissement important (montant au-dessus du seuil de 10 %, net des positions courtes éligibles) (montant négatif)	-2		-2
54a	Sans objet			
55	Détentions directes, indirectes et synthétiques, par l'établissement, d'instruments et d'emprunts subordonnés T2 d'entités du secteur financier dans lesquelles l'établissement détient un investissement important (net des positions courtes éligibles) (montant négatif)	0		0
56	Sans objet			
56a	Déductions admissibles d'engagements éligibles dépassant les éléments d'engagements éligibles de l'établissement (montant négatif)	0		0
56b	Autres ajustements réglementaires des fonds propres T2	0		0
57	Total des ajustements réglementaires aux fonds propres de catégorie 2 (T2)	-2		-2
58	Fonds propres de catégorie 2 (T2)	0		0
59	Total des fonds propres (TC = T1 + T2)	6 014		5 613
60	Total des actifs pondérés	37 302		35 165

Ratios de fonds propres et coussins

61	Fonds propres de base de catégorie 1 (CET1)	16,1%		16,0%
62	Fonds propres de catégorie 1	16,1%		16,0%
63	Total des fonds propres	16,1%		16,0%
64	Exigences globales de fonds propres CET1 de l'établissement	7,8%		7,4%
65	dont: exigence de coussin de conservation de fonds propres	2,5%		2,5%
66	dont: exigence de coussin de fonds propres contracyclique	0,8%		0,4%
67	dont: exigence de coussin pour le risque systémique	0,0%		0,0%
EU-67a	dont: exigence de coussin pour établissement d'importance systémique mondiale (EISm) ou pour autre établissement d'importance systémique (autre EIS)	0,0%		0,0%
EU-67b	dont: exigences de fonds propres supplémentaires pour faire face aux risques autres que le risque de levier excessif	0,0%		0,0%
68	Fonds propres de base de catégorie 1 (en pourcentage du montant d'exposition au risque) disponibles après le respect des exigences minimales de fonds propres	8,1%		8,0%

Montants inférieurs aux seuils pour déduction (avant pondération)

72	Détentions directes et indirectes de fonds propres et d'engagements éligibles d'entités du secteur financier dans lesquelles l'établissement ne détient pas d'investissement important (montant en dessous du seuil de 10 %, net des positions courtes éligibles)	670		628
73	Détentions directes et indirectes, par l'établissement, d'instruments CET1 d'entités du secteur financier dans lesquelles l'établissement détient un investissement important (montant en dessous du seuil de 17,65 %, net des positions courtes éligibles)	433		409
74	Sans objet			
75	Actifs d'impôt différé résultant de différences temporelles (montant en dessous du seuil de 17,65 %, net des passifs d'impôt associés lorsque les conditions prévues à l'article 38, paragraphe 3, du CRR sont réunies)	204		147

Plafonds applicables lors de l'inclusion de provisions dans les fonds propres de catégorie 2

76	Ajustements pour risque de crédit inclus dans les T2 eu égard aux expositions qui relèvent de l'approche standard (avant application du plafond)	0		0
77	Plafond pour l'inclusion des ajustements pour risque de crédit dans les T2 selon l'approche standard	145		110
78	Ajustements pour risque de crédit inclus dans les T2 eu égard aux expositions qui relèvent de l'approche fondée sur les notations internes (avant application du plafond)	62		0
79	Plafond pour l'inclusion des ajustements pour risque de crédit dans les T2 selon l'approche fondée sur les notations internes	82		89

Instruments de fonds propres soumis à exclusion progressive
(applicable entre le 1er janvier 2013 et le 1er janvier 2022 uniquement)

80	Plafond actuel applicable aux instruments des CET1 soumis à exclusion progressive	0		0
81	Montant exclu des CET1 en raison du plafond (dépassement du plafond après remboursements et échéances)	0		0
82	Plafond actuel applicable aux instruments des AT1 soumis à exclusion progressive	0		0
83	Montant exclu des AT1 en raison du plafond (dépassement du plafond après remboursements et échéances)	0		0
84	Plafond actuel applicable aux instruments des T2 soumis à exclusion progressive	0		0
85	Montant exclu des T2 en raison du plafond (dépassement du plafond après remboursements et échéances)	5		5

BPCE08 – Additional Tier-1 capital

BRED Group does not hold any additional Tier-1 capital (AT1).

BPCE09 - Issues of subordinated notes at December 31, 2024

NONE

BPCE10 – Tier-2 capital

As of December 31, 2024, BRED Group had no additional Tier-2 capital.

<i>en millions d'euros</i>	31/12/2024 Bâle III	31/12/2023 Bâle III
Instruments de fonds propres Tier 2 éligibles	0	0
Propres instruments de Tier 2	0	0
Instruments de fonds propres Tier 2 non éligibles mais bénéficiant d'une clause d'antériorité*	0	0
Détentions d'instruments Tier 2 d'entités du secteur financier détenues à moins de 10 %	-2	-2
Détentions d'instruments Tier 2 d'entités du secteur financier détenues à plus de 10 %	0	0
Ajustements transitoires applicables aux fonds propres de catégorie 2	0	0
Éléments de déduction des fonds propres de catégorie 2 excédant les fonds propres de catégorie 2	2	2
Excédent de provision par rapport aux pertes attendues	0	0
FONDS PROPRES DE CATEGORIE 2 (TIER 2)	0	0

EU CCYB1 – GEOGRAPHIC DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL CAPITAL BUFFER

		31/12/2024												
		Expositions générales de crédit		Expositions de crédit pertinentes - risque de marché		Expositions de titrisation Valeur exposée au risque pour le portefeuille hors négociation	Valeur d'exposition totale	Exigences de fonds propres			Total	Montants d'exposition pondérés	Pondérations des exigences de fonds propres (%)	Taux de coussin contracyclique (%)
								Expositions au risque de crédit pertinentes – risque de crédit	Expositions de crédit pertinentes s - risque de marché	Expositions de crédit pertinentes – positions de titrisation dans le portefeuille hors négociation				
En millions d'euros		Valeur exposée au risque selon l'approche standard	Valeur exposée au risque NI	Somme des positions longues et courtes des expositions relevant du portefeuille de négociation pour l'approche standard	Valeur des expositions du portefeuille de négociation pour les modèles internes									
010	Ventilation par pays:													
	Australie	0	15	3	-	0	19	0	0	1	1	14	0,05%	1,00%
	Belgique	221	364	47	-	-	632	2	-	48	51	606	2,02%	1,00%
	Bulgarie	-	0	-	-	-	0	-	-	0	0	0	0,00%	2,00%
	République Tchèque	-	12	-	-	-	12	-	-	0	0	3	0,01%	1,25%
	Allemagne	23	293	82	-	194	592	2	2	17	21	213	0,71%	0,75%
	Danemark	-	7	35	-	-	42	0	-	1	1	7	0,02%	2,50%
	Estonie	-	0	3	-	-	3	-	-	0	0	0	0,00%	1,50%
	France	6 695	32 052	583	-	683	40 013	22	6	1 863	1 892	23 291	77,70%	1,00%
	Royaume-uni	64	333	140	-	190	727	2	2	16	20	202	0,67%	2,00%
	Hong-kong	-	10	-	-	-	10	-	-	0	0	1	0,00%	1,00%
	Croatie	-	0	-	-	-	0	-	-	0	0	0	0,00%	1,50%
	Irlande	17	4	48	-	441	510	1	5	7	13	90	0,30%	1,50%
	Islande	-	0	-	-	-	0	-	-	0	0	0	0,00%	2,50%
	Corée, république de	4	17	25	-	-	46	0	-	1	1	14	0,05%	1,00%
	Lituanie	-	0	2	-	-	2	-	-	0	0	0	0,00%	1,00%
	Luxembourg	48	761	92	-	540	1 441	2	4	61	68	764	2,55%	0,50%
	Pays-bas	6	115	58	-	453	632	2	6	12	20	150	0,50%	2,00%
	Norvège	8	15	11	-	-	34	0	-	1	1	13	0,04%	2,50%
	Roumanie	0	0	-	-	-	0	-	-	0	0	0	0,00%	1,00%
	Suede	-	18	-	-	-	18	-	-	0	0	6	0,02%	2,00%
	Slovaquie	-	0	1	-	-	1	0	-	0	0	0	0,00%	1,50%
	Autres pays pondérés à 0%	3 917	1 322	437	-	342	6 018	9	4	368	382	4 602	15,35%	0,00%
020	Total	11 003	35 339	1 569	-	2 844	50 752	43	30	2 398	2 471	29 976	100,00%	

31/12/2023														
Expositions générales de crédit		Expositions de crédit pertinentes - risque de marché		Expositions de titrisation	Valeur exposée au risque pour le portefeuille hors négociation	Valeur d'exposition totale	Exigences de fonds propres				Montants d'exposition pondérés	Pondérations des exigences de fonds propres (%)	Taux de coussin contracyclique (%)	
Valeur exposée au risque selon l'approche standard	Valeur exposée au risque selon l'approche NI	Somme des positions longues et courtes des expositions relevant du portefeuille de négociation pour l'approche standard	Valeur des expositions du portefeuille de négociation pour les modèles internes				Expositions au risque de crédit pertinentes – risque de crédit	Expositions de crédit pertinentes - risque de marché	Expositions de crédit pertinentes – positions de titrisation dans le portefeuille hors négociation	Total				
En millions d'euros														
010	Ventilation par pays:													
	Australie	-	14	9	-	2	26	0	0	2	2	22	0,07%	1,00%
	Bulgarie	-	0	-	-	-	0	-	-	0	0	0	0,00%	2,00%
	République Tchèque	-	5	-	-	-	5	-	-	0	0	2	0,01%	2,00%
	Allemagne	-	409	185	-	154	748	7	1	26	35	325	1,12%	0,75%
	Danemark	-	0	11	-	-	11	0	-	0	1	4	0,01%	2,50%
	Estonie	-	0	25	-	-	25	-	-	0	0	0	0,00%	1,50%
	France	6 511	31 679	567	-	636	39 393	8	5	1 860	1 873	23 246	80,09%	0,50%
	Royaume-uni	3	318	84	-	133	539	1	2	9	11	113	0,39%	2,00%
	Hong-kong	-	9	-	-	-	9	-	-	0	0	1	0,00%	1,00%
	Croatie	-	0	3	-	-	3	-	-	0	0	0	0,00%	1,00%
	Irlande	-	5	19	-	462	486	0	5	6	12	74	0,25%	1,00%
	Islande	-	0	-	-	-	0	-	-	0	0	0	0,00%	2,00%
	Lituanie	-	0	6	-	-	6	-	-	0	0	0	0,00%	1,00%
	Luxembourg	18	736	68	-	521	1 344	2	4	50	57	627	2,16%	0,50%
	Pays-bas	4	100	47	-	408	559	2	4	17	23	209	0,72%	1,00%
	Norvège	-	29	11	-	-	40	0	-	1	1	17	0,06%	2,50%
	Roumanie	-	0	-	-	-	0	-	-	0	0	0	0,00%	1,00%
	Suede	-	23	7	-	-	30	0	-	1	1	16	0,06%	2,00%
	Slovaquie	-	28	1	-	-	29	0	-	1	1	9	0,03%	1,50%
	Autres pays pondérés à 0%	2 880	2 006	336	-	290	5 513	8	3	349	360	4 361	15,02%	0,00%
020	Total	9 417	35 364	1 379	-	2 606	48 766	29	25	2 322	2 376	29 025	100,00%	

CCyB2 - Amount of institution-specific countercyclical capital buffer

En millions d'euros		31/12/2024	31/12/2023
1	Montant total d'exposition au risque	37 302	35 165
2	Taux de coussin de fonds propres contracyclique spécifique à l'établissement	0,85%	0,44%
3	Exigence de coussin de fonds propres contracyclique spécifique à l'établissement	316	155

NB: The countercyclical capital buffer rate is determined according to the buffer rate applied to the countries to which BRED Group is exposed.

EU PV1 – PRUDENT VALUATION ADJUSTMENT (PVA)

		a	b	c	d	e	EU e1	EU e2	f	g
		31/12/2024								
en millions d'euros		Catégorie de risque					AVA de catégorie - Incertitude d'évaluation			
							AVA relatives aux écarts de crédit constatés	AVA relatives aux coûts d'investissement et de diversification	AVA de catégorie totale après diversification	Dont : Total approche principale dans le portefeuille de négociation
AVA de catégorie		Actions	Taux d'intérêt	Change	Crédit	Matières premières	d'avance	financement	ion	
1	Incertitude sur les prix du marché	57	5	1	25	-	2	0	45	45
3	Coût de liquidation	5	1	1	6	-	-	-	6	6
4	Positions concentrées	5	-	-	14	-			19	-
5	Réalisation anticipée	-	-	-	-	-			-	-
6	Risque lié au modèle	-	1	-	-	-	-	-	1	-
7	Risque opérationnel	3	0	0	2	-			5	-
10	Frais administratifs futurs	-	-	-	5	-			5	-
TOTAL DES CORRECTIONS DE VALEUR SUPPLÉMENTAIRES										
12	(AVA)								81	51

		a	b	c	d	e	EU e1	EU e2	f	g
		31/12/2023								
en millions d'euros		Catégorie de risque					AVA de catégorie - Incertitude d'évaluation			
							AVA relatives aux écarts de crédit constatés	AVA relatives aux coûts d'investissement et de diversification	AVA de catégorie totale après diversification	Dont : Total approche principale dans le portefeuille de négociation
AVA de catégorie		Actions	Taux d'intérêt	Change	Crédit	Matières premières	d'avance	financement	ion	
1	Incertitude sur les prix du marché	64	3	-	25	-	1	-	46	46
3	Coût de liquidation	0	1	0	0	-	-	-	1	1
4	Positions concentrées	7	-	-	14	-			21	-
5	Réalisation anticipée	-	-	-	-	-			-	-
6	Risque lié au modèle	-	-	-	-	-	-	-	-	-
7	Risque opérationnel	3	0	0	1	-			5	-
10	Frais administratifs futurs	-	-	-	-	-			-	-
TOTAL DES CORRECTIONS DE VALEUR SUPPLÉMENTAIRES										
12	(AVA)								73	47

NB: The presentation of December 31, 2023 has been revised and aligned with the new presentation of December 31, 2024.

EU LR2 – LRCOM – LEVERAGE RATIO

The leverage ratio compares Tier-1 capital to an exposure calculated quarterly on the basis of the balance sheet and off-balance sheet assets assessed using a prudential approach. Derivatives and repurchase agreements are subject to specific restatements. The commitments given are allocated a conversion factor in accordance with Article 429 (1) of the CRR.

		Expositions aux fins du ratio de levier en vertu du CRR	
en millions d'euros		31/12/2024	31/12/2023
Expositions au bilan (excepté dérivés et OFT)			
1	Éléments inscrits au bilan (dérivés et OFT exclus, mais sûretés incluses)	103 848	97 264
2	Rajout du montant des sûretés fournies pour des dérivés, lorsqu'elles sont déduites des actifs du bilan selon le référentiel comptable applicable	-	-
3	(Dédution des créances comptabilisées en tant qu'actifs pour la marge de variation en espèces fournie dans le cadre de transactions sur dérivés)	- 735	- 278
4	(Ajustement pour les titres reçus dans le cadre d'opérations de financement sur titres qui sont comptabilisés en tant qu'actifs)	-	-
5	(Ajustements pour risque de crédit général des éléments inscrits au bilan)	-	-
6	(Montants d'actifs déduits lors de la détermination des fonds propres de catégorie 1)	- 751	- 792
7	Total des expositions au bilan (excepté dérivés et OFT)	102 363	96 194
Expositions sur dérivés			
8	Coût de remplacement de toutes les transactions dérivées SA-CCR (c'est-à-dire net des marges de variation en espèces éligibles)	1 279	1 212
EU-8a	Dérogation pour dérivés: contribution des coûts de remplacement selon l'approche standard simplifiée	-	-
9	Montants de majoration pour l'exposition future potentielle associée à des opérations sur dérivés SA-CCR	2 150	1 029
EU-9a	Dérogation pour dérivés: Contribution de l'exposition potentielle future selon l'approche standard simplifiée	-	-
EU-9b	Exposition déterminée par application de la méthode de l'exposition initiale	-	-
10	(Jambe CCP exemptée des expositions sur transactions compensées pour des clients) (SA-CCR)	-	-
EU-10a	(jambe CCP exemptée des expositions sur transactions compensées pour des clients) (approche standard simplifiée)	-	-
EU-10b	(Jambe CCP exemptée des expositions sur transactions compensées pour des clients (méthode de l'exposition initiale)	-	-
11	Valeur notionnelle effective ajustée des dérivés de crédit vendus	-	9
12	(Différences notionnelles effectives ajustées et déductions des majorations pour les dérivés de crédit vendus)	-	-
13	Expositions totales sur dérivés	3 429	2 249
Expositions sur opérations de financement sur titres (OFT)			
14	Actifs OFT bruts (sans prise en compte de la compensation) après ajustement pour les transactions comptabilisées en tant que ventes	1 647	1 890
15	(Valeur nette des montants en espèces à payer et à recevoir des actifs OFT bruts)	- 1	- 1
16	Exposition au risque de crédit de la contrepartie pour les actifs OFT	1 250	2 786
EU-16a	Dérogation pour OFT: Exposition au risque de crédit de contrepartie conformément à l'article 429 <i>sexies</i> , paragraphe 5, et à l'article 222 du CRR	-	-
17	Expositions lorsque l'établissement agit en qualité d'agent	-	-
EU-17a	(Jambe CCP exemptée des expositions sur OFT compensées pour des clients)	-	-
18	Expositions totales sur opérations de financement sur titres	2 897	4 675
Autres expositions de hors bilan			
19	Expositions de hors bilan en valeur notionnelle brute	10 682	11 487
20	(Ajustements pour conversion en montants de crédit équivalents)	- 4 954	- 5 983
21	(Provisions générales déduites lors de la détermination des fonds propres de catégorie 1 et provisions spécifiques associées aux expositions de hors bilan)	-	-
22	Expositions de hors bilan	5 728	5 505
Expositions exclues			
EU-22a	(Expositions exclues de la mesure de l'exposition totale en vertu de l'article 429 <i>bis</i> , paragraphe 1, point c), du CRR)	- 13 394	- 14 911
EU-22b	(Expositions exemptées en vertu de l'article 429 <i>bis</i> , paragraphe 1, point j), du CRR (au bilan et hors bilan))	- 2 303	- 2 061
EU-22c	(Exclusions d'expositions de banques (ou unités de banques) publiques de développement – Investissements publics)	-	-
EU-22d	(Exclusions d'expositions de banques (ou unités de banques) publiques de développement – Prêts incitatifs)	-	-
EU-22e	(Exclusions d'expositions découlant du transfert de prêts incitatifs par des banques (ou unités de banques) qui ne sont pas des banques publiques de développement)	-	-
EU-22f	(Exclusions de parties garanties d'expositions résultant de crédits à l'exportation)	-	-
EU-22g	(Exclusions de sûretés excédentaires déposées auprès d'agents tripartites)	-	-
EU-22h	(Exclusions de services liés aux DCT fournis par les établissements/DCT, en vertu de l'article 429 <i>bis</i> , paragraphe 1, point o), du CRR)	-	-
EU-22i	(Exclusions de services liés aux DCT fournis par des établissements désignés, en vertu de l'article 429 <i>bis</i> , paragraphe 1, point p), du CRR)	-	-
EU-22j	(Réduction de la valeur d'exposition des crédits de préfinancement ou intermédiaires)	-	-
EU-22k	(Total des expositions exemptées)	- 15 697	- 16 972

Fonds propres et mesure de l'exposition totale			
23	Fonds propres de catégorie 1	6 014	5 613
24	Mesure de l'exposition totale	98 720	91 651
Ratio de levier			
25	Ratio de levier (%)	6,09%	6,12%
EU-25	Ratio de levier (hors incidence de l'exemption des investissements publics et des prêts incitatifs) (%)	6,09%	6,12%
25a	Ratio de levier (hors incidence de toute exemption temporaire de réserves de banque centrale applicable) (%)	6,09%	6,12%
26	Exigence réglementaire de ratio de levier minimal (%)	3,00%	3,00%
EU-26a	Exigences de fonds propres supplémentaires pour faire face au risque de levier excessif (%)	0,00%	0,00%
EU-26b	dont: à constituer avec des fonds propres CET1	0,00%	0,00%
27	Exigence de coussin lié au ratio de levier (%)	0,00%	0,00%
EU-27a	Exigence de ratio de levier global (%)	3,00%	3,00%
Choix des dispositions transitoires et expositions pertinentes			
EU-27b	Choix en matière de dispositions transitoires pour la définition de la mesure des fonds propres		
Publication des valeurs moyennes			
28	Moyenne des valeurs quotidiennes des actifs OFT bruts, après ajustement pour les transactions comptabilisées en tant que ventes et net des montants en espèces à payer et à recevoir correspondants	1 867	2 980
29	Valeur de fin de trimestre des actifs OFT bruts, après ajustement pour les transactions comptabilisées en tant que ventes et net des montants en espèces à payer et à recevoir correspondants	1 647	1 890
30	Mesure de l'exposition totale (en incluant l'incidence de toute exemption temporaire de réserves de banque centrale applicable) intégrant les valeurs moyennes des actifs OFT bruts de la ligne 28 (après ajustement pour transactions comptabilisées en tant que vente et net des montants en espèces à payer et à recevoir correspondants)	98 940	92 741
30a	Mesure de l'exposition totale (hors incidence de toute exemption temporaire de réserves de banque centrale applicable) intégrant les valeurs moyennes des actifs OFT bruts de la ligne 28 (après ajustement pour transactions comptabilisées en tant que vente et net des montants en espèces à payer et à recevoir correspondants)	98 940	92 741
31	Ratio de levier (en incluant l'incidence de toute exemption temporaire de réserves de banque centrale applicable) intégrant les valeurs moyennes des actifs OFT bruts de la ligne 28 (après ajustement pour transactions comptabilisées en tant que vente et net des montants en espèces à payer et à recevoir correspondants)	6,08%	6,05%
31a	Ratio de levier (hors incidence de toute exemption temporaire de réserves de banque centrale applicable) intégrant les valeurs moyennes des actifs OFT bruts de la ligne 28 (après ajustement pour transactions comptabilisées en tant que vente et net des montants en espèces à payer et à recevoir correspondants)	6,08%	6,05%

EU LR3 – LRSPL: BREAKDOWN OF BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES)

En millions d'euros		31/12/2024	31/12/2023
		Expositions aux fins du ratio de levier en vertu du CRR	Expositions aux fins du ratio de levier en vertu du CRR
EU-1	Total des expositions au bilan (excepté dérivés, OFT et expositions exemptées), dont:	88 077	84 168
EU-2	Expositions du portefeuille de négociation	1 519	1 411
EU-3	Expositions du portefeuille bancaire, dont:	86 558	82 757
EU-4	Obligations garanties	347	293
EU-5	Expositions considérées comme souveraines	31 281	29 964
EU-6	Expositions aux gouvernements régionaux, banques multilatérales de développement, organisations internationales et entités du secteur public non considérés comme des emprunteurs souverains	564	391
EU-7	Établissements	1 921	1 169
EU-8	Expositions garanties par une hypothèque sur un bien immobilier	14 653	14 742
EU-9	Expositions sur la clientèle de détail	5 032	5 050
EU-10	Entreprises	14 522	12 689
EU-11	Expositions en défaut	1 573	1 486
EU-12	Autres expositions (notamment actions, titrisations et autres actifs ne correspondant pas à des obligations de crédit)	16 665	16 974

EU INS2 – Financial conglomerates – Information on capital and capital adequacy ratio

En millions d'euros		31/12/2024	31/12/2023
1	Exigences complémentaires de fonds propres du conglomérat financier (montant)	161	189
2	Ratio d'adéquation des fonds propres du conglomérat financier (%)	15,63%	15,43%

4. CREDIT AND COUNTERPARTY RISKS

Credit risk is the risk incurred in the event of default by a debtor or a counterparty, or several debtors or several counterparties considered as the same group of customers linked together pursuant to regulations; this risk can also be seen in the form of a loss in value of the securities issued by the defaulting counterparty.

Counterparty risk is defined as the risk of the counterparty to a transaction defaulting prior to definitive settlement of all cash flows associated with the transaction.

4.1 Credit risk management

BRED's credit risk management is based on the strict separation of the Commitments department from the commercial functions. The Commitments department is involved in the decision-making process and subsequent monitoring of commitments. It has employees in the regional head offices for operations which promote best practices aimed at controlling risk in a satisfactory fashion.

The Commitments department proposes BRED's credit policy, as validated by its executive management and approved by the Board of Directors. The Commitments department validates the credit policies of the subsidiaries once they have been approved by their respective surveillance departments. It monitors the dissemination and correct implementation of these policies within BRED Group.

The Credit Risk division (DRC) reports to the Risk, Protection and Control department, which in turn reports directly to Executive Management. The Credit Risk division, which is totally independent from the commercial functions and from the Commitments department, is responsible for second-level permanent controls on credit risk. It validates credit policies prior to their approval by the supervisory bodies as part of the bank's risk appetite framework.

Management of credit risk is mainly based on:

- a system of delegation of powers to specific persons, which takes into account the levels of risk and the skills and experience of the teams and is reviewed annually by the Commitments department and Credit Risk division;
- 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 to verify all positions, the maturity of repayable amounts and to monitor irregular accounts;
- reinforced detection and prevention of risks with retail, professional and corporate customers *via* the action of branch network employees and their hierarchy of monitoring tools;
- periodic monitoring of the quality and risk of the various portfolios *via* dashboards and *ad hoc* studies;
- permanent control by the Commitments department through delegated officers at regional management level.

In addition, the Credit Risk division:

- carries out joint analyses of non-delegated credit files to submit to the committee for a decision;
- analyzes concentration, sector and geographic risks;
- periodically checks documents and ensures compliance with internal and Groupe BPCE limits;
- alerts the executive management and notifies the operational managers if a limit is breached; adds to the watchlist files whose quality is deteriorated and of concern according to Groupe BPCE standards and monitors them at dedicated quarterly meeting of the Executive Risk Committee;
- monitors the implementation of risk reduction plans and participates in defining the necessary provisioning levels if necessary;
- deploys the second-level permanent control system for credit risks using the Priscop group tool;
- contributes to both the design and the execution of Groupe BPCE's work.

The Commitments department and the Credit Risk division regularly organize training for staff. General training schemes on the internal management system and on credit risk control are carried out for new arrivals and network collaborators. The commitment delegates also take part in local training programs within the regional departments. In particular, the DRC is involved in training on Basel II rating, segmentation, guarantees and clustering and all elements that have a direct impact on RWA.

Two key principles govern the decision-making process:

- prior approval is required for all credit transactions;

- delegation of the analysis and approval of dossiers at the most appropriate skill level: the commercial business line and the Credit Committee for important commitments.

Lending powers are expressed in terms of nominal and residual risk, adapted to each market and have certain usage restrictions. For the largest commitments, at least two people must take part in the decision. When they exceed €9 million for corporates, €5 million for professional customers and €5 million for retail customers, the Commitments department must submit such requests to the Credit Committee and a counter-analysis must be performed by the Credit Risk division. The Credit Committee considers the largest commitments granted by subsidiaries.

Decision-making is carried out in compliance with unitary ceilings, whose amounts are set based on customers' size and credit quality, as expressed in an internal rating. The Credit Committee is the only body empowered to authorize commitments that exceed the unitary ceilings, on a temporary or a long-term basis.

Collection from customers is organized in two services: a friendly collection that is done at the first level and a contentious service that acts through legal means and ensures the follow-up of cases in group proceedings. Collection of the largest corporate and professional customer debts is the responsibility of the Special Situations Unit within the Commitments department.

The Commitments department centralizes the creation of provisions for bad debts and disputed debts and monitors any related changes. Monitoring is in particular performed through a monthly Provisioning Committee meeting attended by the Credit Risk division.

Loan pricing principles are defined by the Asset/Liability Pricing Committee, on which the Risk division, the Markets and Marketing department and the Networks management departments are represented. The Finance department prepares and acts as secretary at this committee's meetings. Decisions of the Asset/Liability Pricing Committee are based on market data (rates applied by competitors and market shares) and profitability analyses produced by the Finance department, and information from the Risk division on the forecast cost of risk. Operators may request pricing exceptions according to a structure of delegations defined by the Asset/Liability Pricing Committee, escalating hierarchically within the networks' departments and, for the largest exceptions, up to the Finance department.

Cap and limits

At the Central Institution level, the Group Risk division measures and controls compliance with regulatory ceilings.

The system of internal caps for institutions, which is lower than the regulatory caps, is applied to all Group entities. A Group limit system is also set up for the main groups of counterparties in each asset class.

The internal caps and Group limits are regularly reported to the bodies.

Lastly, credit risk monitoring is organized through systems that are broken down into recommendations for the Group's institutions, in certain sensitive sectors. Several sectoral policies are in place (agri-food, automotive, construction, communication and media, renewable energies, etc.). These policies take into account Environmental, Social and Governance (ESG) risks.

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 division 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 process, the Group Risk division has notably implemented a central monitoring system to check the quality of data and the proper application of Group standards in terms of segmentation, ratings, guarantees, defaults and losses.

4.2 Monitoring of credit and counterparty risks

The risk management function is independent of the operational functions; in particular, it does not have credit approval authority and does not perform the business line analysis of commitment requests.

It implements the credit risk framework which is updated and distributed regularly by BPCE's Risk division. This credit risk framework combines the standards and best practices to be applied in each of Groupe BPCE's establishments, as well as the management and reporting standards set by the Supervisory Board or the Management Board of

BPCE on the proposal of the Group Risk and Compliance Committee. This framework is a working tool for Groupe BPCE's risk management function stakeholders. It is part of the permanent control system at Group institutions.

BRED Group's Risk division has a strong functional link with BPCE's Risk division, which is responsible for:

- the definition of customer risk standards;
- risk assessment (definition of concepts);
- the development of risk rating methodologies, models and systems (expert-based 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 the risk management function's controls.

BRED Group's risk monitoring focuses on data quality and the quality of exposures. It is implemented through indicators for each asset class.

BRED Group's risk monitoring focuses in particular on data quality in accordance with BCB239 principles 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. In accordance with IFRS 9, the BRED DRC analyzes the amount of provisions for performing loans (S1 and S2); it also proposes sector-specific provisions based on BRED's own data and expert analyses by Groupe BPCE.

BRED Group's risk management function ensures that all transactions comply with the Group standards and procedures in force for authorized counterparties. It submits to the competent committee proposed additions to the watchlist 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 division at the consolidated level.

4.2.1 Quality assessment of outstandings and impairment policies

System governance

From a regulatory perspective, Article 118 of the Ministerial Order of November 3, 2014, as amended on February 25, 2021, relating to internal control states that "*regulated undertakings must analyze changes in the quality of their commitments at least quarterly.*" For large transactions, that analysis particularly identifies any reclassification necessary within internal categories used to assess the level of credit risk, as well as any allocation of doubtful loans in the accounts and appropriate levels of provisioning.

Introduction to the watchlist (WL) at Groupe BPCE, whether to the local WL or Group WL, involves exercising enhanced supervision (performing WL) or taking provisioning decisions on certain counterparties (default WL). Statistical provisions on performing loans, calculated at the Groupe BPCE level for the networks in accordance with IFRS 9, are assessed using a methodology validated by Groupe BPCE's model comitology (reviewed by an independent management structure and validated by the Risk Management Models Committee and the Risk, Compliance and Permanent Control Standards and Methods Committee). These provisions include scenarios for changes in economic conditions determined annually using Groupe BPCE's economic research, with probability of occurrence reviewed quarterly by the Groupe BPCE watchlist and provisions committee.

The allocated provisioning is calculated by taking into account the present value of the guarantees in a prudent approach.

Any defaulted exposures not covered by provisions shall be subject to enhanced justification requirements to explain why no provision has been recorded.

Method of provisioning and impairment under IFRS 9

An impairment or provision for expected credit loss must be systematically recognized for debt instruments classified as financial assets at amortized cost or as financial assets at fair value through equity, financing commitments and financial guarantee contracts that are not recognized 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 recognized 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) depending on the increase in credit risk observed since initial recognition. A specific credit risk measurement method applies to each category of instrument:

1. Stage 1 (S1)	2. Stage 2 (S2)	3. Stage 3 (S3)
Loan outstandings for which credit risk has not increased materially since the initial recognition of the financial instrument. The impairment or the provision for credit risk corresponds to 12-month expected credit losses.	Performing loans for which credit risk has increased materially since the initial recognition of the financial instrument are transferred to this category. The impairment or the provision for credit risk is determined on the basis of the financial instrument's lifetime expected credit losses.	Impaired exposures, within the meaning of IFRS 9, for which there is objective evidence of impairment loss due to an event which represents a known credit risk occurring (e.g., non-repayment of the loan at its normal term, collective proceeding, past due payments recorded by the customer, customer unable to finance an investment in new equipment, etc.) after the initial recognition of the instrument in question. This category covers receivables for which a default event has been identified, as defined in Article 178 of the EU regulation of June 26, 2013 on prudential requirements for banks.

A provisioning policy is in place for Groupe BPCE corporate customers. This policy lays the foundations for the calculation of loan impairment and defines the methodology for determining individual impairment based on expert opinion. It also defines the components (credit risk measurement, accounting principles on the impairment of customer receivables under IFRS and French GAAP) and data to include in a non-performing loan or disputed loan assessment, as well as essential items to include in a provisioning record.

A corporate provisioning policy for Groupe BCPE exposures of less than €15 million has been defined. In the section dedicated to the methodology for determining individual impairment on the basis of an expert assessment, it defines "going concern", "gone concern" and "combined" impairment approaches.

Groupe BPCE applies the contagion principle. This principle is particularly applied in the identification of groups of customer counterparties, through clustering links within those groups.

A methodology for applying haircuts to the value of guarantees in order to face unavoidable uncertainties was defined and implemented.

Forbearance, performing and non-performing exposures

A forbearance can be the result of the combination of a concession and of financial difficulties; forbearance can relate to performing or non-performing contracts.

A situation of forced restructuring, or of over-indebtedness proceedings, or any situation of default within the meaning of the Group standard requiring a forbearance measure as defined above constitutes non-performing forbearance.

The identification of these situations is based on an expert assessment guide for forbearance situations, particularly short-, medium- and long-term financing for non-retail counterparties.

4.2.2 Crisis simulations related to market risk

Groupe BPCE's Risk division 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, the Banque Populaire network and the Caisse d'Epargne network). They cover all portfolios subject to credit and counterparty risk, irrespective of the approach used to calculate risk-weighted assets (standardized or IRB approach). They are conducted based on detailed information consistent with the data supplied for Group COREP (Common Solvency Ratio Reporting) prudential reporting and portfolio risk analysis.

Three types of stress tests are carried out:

- the EBA stress test, conducted every two years, aims to test the resilience of banks against simulated shocks and to compare them to each other (the EBA 2020 stress test was exceptionally postponed to 2021 due to the health crisis);
- Groupe BPCE's annual internal stress test. This test includes more scenarios than the EBA stress test and includes changes to projections across the entire balance sheet;

- specific stress tests can be performed on external (supervisor) or internal request.

4.2.3 Use of credit risk mitigation techniques

Credit risk mitigation techniques are commonly used within BRED Group and are different depending on whether the guarantee accepted is collateral or a personal guarantee.

A distinction is made between guarantees having an actual impact on collections in the event of hardships and guarantees recognized by the supervisory authority in the weighting of exposures used to reduce capital consumption.

Guarantees are one of the main means of reducing credit risk. Traditionally, BRED has used collateral (mortgages, pledged assets, etc.) and personal guarantees (mutual guarantee companies, BRED Habitat guarantee, CASDEN guarantees, risk-sharing, etc.). BRED has implemented a system to verify the process for entering into guarantees, incorporating validity, registration and valuation. The inclusion of guarantees in the calculation of weighted assets (credit risk reduction techniques) reduces the capital requirement related to secured commitments.

In the context of the Covid crisis, the French government allowed the use of its guarantee within the scope of the State-guaranteed loans (SGLs) granted. BRED Group used this opportunity to reduce credit risk.

Definition of guarantees

Collateral is a guarantee relating to one or more movable or immovable assets, the value of which has been reliably appraised, owned by the debtor or a third party which consists of granting a real right to the creditor in respect of this asset (real estate mortgage, real estate lien, lien on listed and liquid securities, lien on listed and liquid goods with or without transfers, pledges or guarantees).

The effect of this collateral is to:

- reduce the credit risk incurred on an exposure, given the rights of the institution subject to exposure, in the event of default or other specific credit events affecting the counterparty;
- obtain the transfer of ownership of certain amounts or assets.

A personal guarantee is collateral that reduces the credit risk on an exposure, due to the commitment provided by a third party to pay a set amount if the counterparty defaults or due to any other specific event.

Accounting recognition under the standardized or IRB approach

Under the standardized approach:	Under the IRB approach:	For retail customers under the IRBA approach:
Personal guarantees and real guarantees are accounted for, subject to eligibility, using an enhanced weighting of the guarantee portion of the exposure. Real guarantees such as cash or liquid collateral are deducted from the gross exposure.	Excluding retail customers, real guarantees are taken into account, subject to eligibility, by decreasing the Loss Given Default applicable to the transactions. Personal guarantees are recognized, subject to eligibility, by substituting a third party's PD with that of a guarantor.	Personal and real guarantees are taken into account, subject to eligibility, by decreasing the Loss Given Default applicable to the transactions.

Conditions for the recognition of guarantees

Articles 207 to 210 of Capital Requirements Regulation (CRR) No. 575/2013 set out the conditions necessary for the inclusion of collateral, in particular:

- the credit quality of the obligor and the value of the collateral shall not have a material positive correlation. Securities issued by the obligor shall not qualify as eligible collateral;
- the institution shall properly document the collateral arrangements and have in place clear and robust procedures for the timely liquidation of collateral;
- the institution shall have in place documented policies and practices concerning the types and amounts of collateral accepted;
- the institution shall calculate the market value of the collateral, and revalue it accordingly, whenever it has reason to believe that a significant decrease in the market value of the collateral has occurred.

The division of risks is a credit risk mitigation technique. It is reflected in the individual or topical limit systems and helps reduce each institution's sensitivity to risks considered either individually or sectorially to be too significant to carry in the event of major incidents.

In 2024, 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.

4.3 Work carried out in 2024

The 2024 fiscal year was marked by the persistence of a tense geopolitical climate in the context of a slowdown in inflation and a fall in interest rates compared to the previous two years. 2024 continued to be marked by extreme tensions in the real estate sector. At the same time, at the domestic level the number of corporate bankruptcies registered with the Banque de France reached levels not seen in years. The monitoring system inherited from the Covid crisis was adjusted to take account of the new geopolitical and economic circumstances.

The Group also maintained its rigorous approach to the implementation and control of the primary standards, regulations and policies at institution level to ensure consistent execution within the Group, including:

- enhanced operational integration among business lines and the use of the synthetic risk indicator. As a reminder, this indicator comprises a set of metrics that capture potential issues faced by our customers. It helps us prioritize customers for review to determine their risk level. Following various backtests carried out with the BPCE modeling teams, this indicator is proving to be as effective for professional customers and SMEs as it is for corporates;
- reinforced adoption of forbearance qualification standards and generalized use of ex ante forbearance detection;
- updated "sensitive sectors" (which are subject to enhanced due diligence), using a dual approach combining the sector monitoring approach developed by BCPE and analysis of losses within BRED portfolios;
- support for subsidiaries in adopting and implementing the standards and regulations applied by BRED (such as forbearance, new definition of default, leverage finance, etc.) and standardization of information reporting;
- design and deployment of IT tools dedicated to the operational application and control of new risk standards;
- steering IT development and change management by supporting business lines in the development of an interface that automates the calculation of leverage ratios for corporates applying for financing/renewals.

Throughout the 2024 fiscal year, the Risk division 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 division was heavily involved in their training and support.

4.4 Quantitative information

Breakdown of gross exposures by category (credit risks, including counterparty risks)

<i>In millions of euros</i>	Standard	12/31/2024			Total	12/31/2023
		IRB	SEC	ERBA		Total
Sovereigns	31,931.60	0.00	-	-	31,931.60	31,227.80
Regional governments or local authorities	695.60	-	-	-	695.60	465.00
Public sector entities	1,017.10	-	-	-	1,017.10	961.90
Multilateral development banks	226.70	-	-	-	226.70	-
International organizations	53.00	-	-	-	53.00	-
Institutions	8,581.30	4,257.50	-	-	12,838.80	11,537.70
Secured bonds	49.70	-	-	-	49.70	-
Corporates	8,313.40	18,212.10	-	-	26,525.50	24,132.60
Retail	1,006.70	23,756.80	-	-	24,763.50	27,284.60
Exposures secured by a real estate mortgage	2,979.30	-	-	-	2,979.30	44.40
High risk exposures	100.40	-	-	-	100.40	299.20
Exposures in default	478.40	-	-	-	478.40	300.60
Units or shares in collective investment undertakings (CIU)	468.40	-	-	-	468.40	632.60
Equities	-	1,485.40	-	-	1,485.40	1,588.30
Securitization	-	-	2,483.60	-	2,843.60	2,605.40
Other assets	-	1,941.90	-	-	1,941.90	1,635.60
TOTAL	55,901.60	49,653.70	2,483.60	108,398.90	102,715.70	

Credit risk - Exposures and RWAs

<i>In millions of euros</i>	12/31/2024		12/31/2023		Change	
	Gross exposure	RWA	Gross exposure	RWA	Gross exposure	RWA
Sovereigns	31,931.60	1,179.70	31,227.80	875.20	703.80	304.50
Regional governments or local authorities	695.60	96.60	465.00	21.10	230.60	75.50
Public sector entities	1,017.10	316.90	961.90	223.90	55.20	93.00
Multilateral development banks	226.70	19.30	-	-	226.70	19.30
International organizations	53.00	0.00	-	-	53.00	0.00
Institutions	12,838.80	1,684.20	11,537.70	1,452.70	1,301.10	231.50
Secured bonds	49.70	5.00	-	-	49.70	5.00
Corporates	26,525.50	15,035.20	24,132.60	15,276.60	2,392.90	-241.40
Retail	24,763.50	4,151.40	27,284.60	4,522.30	-2,521.00	-370.90
Exposures secured by a real estate mortgage	2,979.30	1,035.80	44.40	66.40	2,934.90	969.40
High risk exposures	100.40	119.90	299.20	146.40	-198.80	-26.50
Exposures in default	478.40	317.40	300.60	625.70	177.80	-308.30
Units or shares in collective investment undertakings (CIU)	468.40	1,253.20	632.60	466.80	-164.20	786.40
Equities	1,485.40	6,362.80	1,588.30	6,499.50	-103.00	-136.70
Securitization	2,843.60	372.50	2,605.40	312.10	238.20	60.40
Other assets	1,941.90	779.10	1,635.60	686.20	306.30	92.90
TOTAL	108,398.90	32,729.00	102,715.70	31,174.90	5,683.20	1,554.10

Credit quality of forborne exposures at December 31, 2024

ECQ1

In millions of euros	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, or accumulated negative changes in fair value due to credit risk and provisions		Collateral and guarantees received on exposures subject to forbearance measures	
	Performing forborne		Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures		O/w collateral and financial guarantees received on non-performing exposures with forbearance measures
			O/w defaulted	O/w impaired				
Cash balances at central banks and other demand deposits	0	0	0	0	0	0	0	0
Loans and advances	224	381	381	381	-7	-66	489	292
Central banks	0	0	0	0	0	0	0	0
General governments	0	0	0	0	0	0	0	0
Banks	0	0	0	0	0	0	0	0
Other financial corporations	0	0	0	0	-0	0	0	0
Non-financial corporations	112	155	155	155	-5	-27	202	112
Households	111	226	226	226	-1	-39	286	180
Debt securities	0	0	0	0	0	0	0	0
Loan commitments given	0	0	0	0	-0	0	0	0
TOTAL	224	381	381	381	-7	-66	489	292

Credit quality of forborne exposures at December 31, 2023

In millions of euros	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, or accumulated negative changes in fair value due to credit risk and provisions		Collateral and guarantees received on exposures subject to forbearance measures	
	Performing forborne		Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures		O/w collateral and financial guarantees received on non-performing exposures with forbearance measures
			O/w defaulted	O/w impaired				
Cash balances at central banks and other demand deposits	0	0	0	0	0	0	0	0
Loans and advances	152	365	365	365	-3	-48	420	285
Central banks	0	0	0	0	0	0	0	0
General governments	0	0	0	0	0	0	0	0
Banks	0	0	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0	0	0
Non-financial corporations	64	162	162	162	-1	-21	167	114
Households	87	204	204	204	-1	-27	254	170
Debt securities	0	0	0	0	0	0	0	0
Loan commitments given	0	1	1	1	0	0	1	1
TOTAL	152	366	366	366	-3	-48	421	286

**EU CR1
Performing and
non-performing
exposures and
related
provisions at
12/31/2024**

**In millions of
euros**

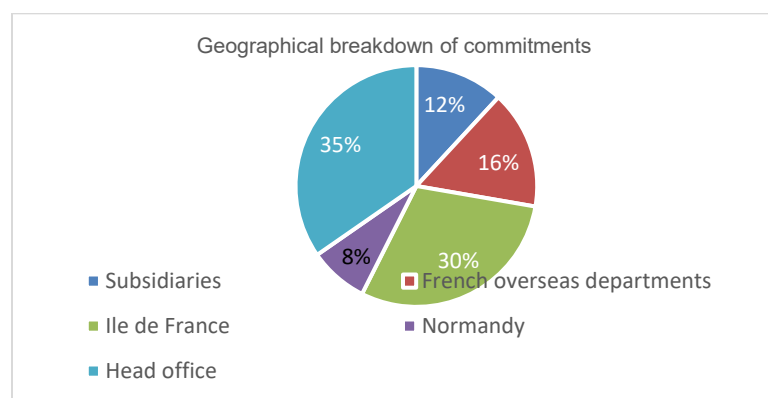
EU CR1 Performing and non-performing exposures and related provisions at 12/31/2024 In millions of euros	Gross carrying amount/Nominal amount						Accumulated impairment, or accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial balance sheet disposals	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative fair value adjustments due to credit risk and provisions				On performing exposures	On non-performing exposures
		O/w Stage 1	O/w Stage 2		O/w Stage 2	O/w Stage 3		O/w Stage 1	O/w Stage 2		O/w Stage 2	O/w Stage 3			
Cash balances at central banks and other demand deposits	11,905	11,871	34	0	0	0	-0	-0	0	-0	0	0		0	0
Loans and advances	51,375	43,662	7,558	1,986	0	1,981	-360	-82	-279	-812	0	-812		24,968	844
Central banks	31	31	0	0	0	0	0	0	0	0	0	0		0	0
General governments	2,600	2,600	0	0	0	0	-1	-1	-0	0	0	0		1	0
Banks	6,410	6,241	22	5	0	5	-6	-4	-1	-5	0	-5		0	0
Other financial corporations	2,330	2,286	44	7	0	7	-2	-1	-2	-7	0	-7		44	0
Non-financial corporations	21,142	16,594	4,540	1,160	0	1,155	-287	-61	-226	-521	0	-520		8,945	403
O/w SMEs	9,373	6,603	2,768	713	0	710	-185	-28	-156	-272	0	-271		6,045	293
Households	18,863	15,911	2,952	813	0	813	-65	-15	-50	-280	0	-280		15,979	441
Debt securities	24,875	24,283	8	1	0	1	-2	-2	-0	-1	0	-1		238	0
Central banks	0	0	0	0	0	0	0	0	0	0	0	0		0	0
General governments	18,990	18,990	0	0	0	0	-0	-0	0	0	0	0		0	0
Banks	1,304	1,304	0	0	0	0	-0	-0	0	-0	0	0		0	0
Other financial corporations	3,606	3,152	2	1	0	1	-1	-1	-0	-1	0	-1		238	0
Non-financial corporations	975	837	6	0	0	0	-1	-1	-0	0	0	0		0	0
Off-balance sheet exposures	14,253	9,754	1,127	84	0	82	-24	-13	-11	-22	0	-22		962	31
Central banks	5	5	0	0	0	0	-0	-0	0	0	0	0		0	0
General governments	1,913	274	0	0	0	0	-0	-0	-0	-0	0	0		0	0
Banks	2,054	566	15	0	0	0	-4	-3	-1	-0	0	-0		0	0
Other financial corporations	1,285	1,280	5	9	0	9	-1	-1	-0	-2	0	-2		57	0
Non-financial corporations	8,004	6,714	1,031	71	0	68	-15	-7	-7	-20	0	-20		563	29
Households	992	916	76	5	0	5	-5	-1	-3	0	0	0		342	2
Total	102,408	89,570	8,728	2,072	0	2,064	-387	-97	-290	-835	0	-835		26,168	876

EU CR1
Performing and
non-performing
exposures and
related
provisions at
12/31/2023

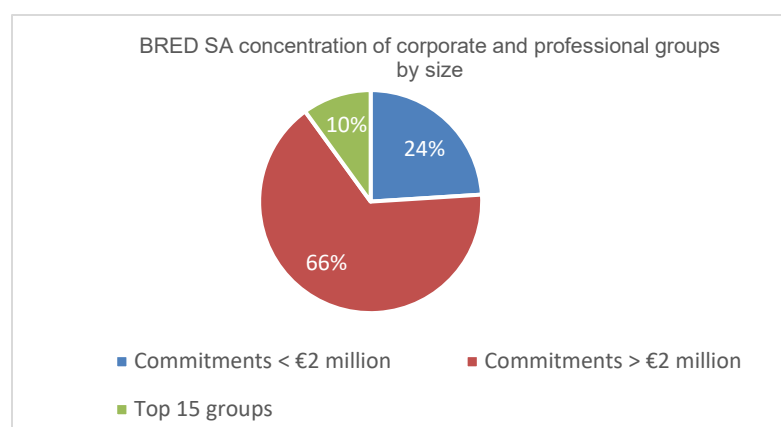
In millions of
euros

EU CR1 Performing and non-performing exposures and related provisions at 12/31/2023 In millions of euros	Gross carrying amount/Nominal amount						Accumulated impairment, or accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial balance sheet disposals	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative fair value adjustments due to credit risk and provisions				On performing exposures	On non-performing exposures
		O/w Stage 1	O/w Stage 2		O/w Stage 2	O/w Stage 3		O/w Stage 1	O/w Stage 2		O/w Stage 2	O/w Stage 3			
Cash balances at central banks and other demand deposits	16,491	16,459	32	0	0	0	-0	-0	0	-0	0	0		0	0
Loans and advances	49,141	42,856	6,142	1,836	0	1,826	-292	-81	-211	-769	-0	-768		25,734	814
Central banks	27	27	0	0	0	0	0	0	0	0	0	0		0	0
General governments	2,336	2,331	5	1	0	1	-0	-0	-0	-1	0	-1		0	0
Banks	5,962	5,801	24	5	0	5	-6	-5	-1	-5	0	-5		138	0
Other financial corporations	1,662	1,660	1	6	0	6	-0	-0	-0	-6	0	-6		8	0
Non-financial corporations	20,536	17,344	3,187	1,107	0	1,097	-209	-62	-147	-504	-0	-504		9,507	403
O/w SMEs	9,487	7,463	2,023	603	0	599	-126	-33	-93	-237	-0	-237		6,234	270
Households	18,617	15,692	2,926	716	0	716	-77	-14	-64	-253	0	-253		16,081	411
Debt securities	18,314	17,692	9	6	0	2	-1	-1	-0	-5	0	-1		61	0
Central banks	0	0	0	0	0	0	0	0	0	0	0	0		0	0
General governments	13,535	13,535	0	0	0	0	-0	-0	0	0	0	0		0	0
Banks	796	796	0	0	0	0	-0	-0	0	-0	0	0		59	0
Other financial corporations	3,145	2,673	3	2	0	2	-0	-0	-0	-1	0	-1		2	0
Non-financial corporations	838	688	7	4	0	0	-1	-1	-0	-4	0	0		0	0
Off-balance sheet exposures	11,852	9,723	726	50	0	48	-26	-16	-10	-23	0	-23		1,144	6
Central banks	4	1	2	0	0	0	0	0	0	0	0	0		0	0
General governments	1,106	493	25	0	0	0	-0	-0	-0	-0	0	0		0	0
Banks	1,136	492	26	0	0	0	-3	-3	-0	0	0	0		0	0
Other financial corporations	1,183	1,153	3	3	0	3	-1	-1	-0	-2	0	-2		51	0
Non-financial corporations	7,290	6,541	580	40	0	38	-15	-10	-5	-16	0	-16		606	4
Households	1,134	1,044	90	7	0	7	-7	-2	-5	-5	0	-5		487	2
Total	95,797	86,730	6,910	1,891	0	1,875	-320	-98	-222	-796	-0	-792		26,939	820

Concentration risk



In terms of geographical distribution, uses were broadly stable year-on-year: Ile de France network (30%), Head Office (35%), French Overseas Departments and Collectivities network (16%), Subsidiaries (12%), Normandy network (8%).



The top 15 groups account for 10% of commitments.
Top 20 of the institution's commitments:

Counterparty	Gross	Net
Counterparty 1	3,222	478
Counterparty 2	2,442	244
Counterparty 3	1,740	558
Counterparty 4	1,257	187
Counterparty 5	723	213
Counterparty 6	554	554
Counterparty 7	451	451
Counterparty 8	327	184
Counterparty 9	303	303
Counterparty 10	300	300

Counterparty	Gross	Net
Counterparty 11	274	183
Counterparty 12	273	273
Counterparty 13	257	257
Counterparty 14	232	232
Counterparty 15	213	213
Counterparty 16	212	212
Consideration 17	209	209
Counterparty 18	174	174
Consideration 19	172	172
Counterparty 20	169	169

Geographic risk

Quality of non-performing exposures by geography

Ref EU ECQ4

		12/31/2024				Provisions for off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Gross carrying/nominal amount					
In millions of euros		O/w non-performing	O/w defaulted	O/w subject to impairment	Accumulated impairment		
010	On-balance sheet exposures	78,238	1,988	1,988	77,507	-1,175	0
020	France	51,533	1,692	1,692	51,133	-977	0
030	United States	13,397	2	2	13,377	-1	0
040	Japan	1,561	-	-	1,561	-1	0
050	Luxembourg	1,340	1	1	1,272	-0	0
060	United Kingdom	1,091	7	7	1,081	-9	0
070	Other countries	9,317	286	286	9,083	-187	0
080	Off-balance sheet exposures	14,337	84	84		-47	
090	France	8,901	84	84		-39	
100	Belgium	1,584	-	-		-0	
110	Denmark	569	-	-		-0	
120	China	569	-	-		-0	
130	Luxembourg	431	-	-		-0	
140	Other countries	2,282	0	0		-7	
150	Total	92,575	2,072	2,072	77,507	-1,175	0

		12/31/2023				Provisions for off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures	
		Gross carrying/nominal amount						
In millions of euros			O/w non-performing	O/w defaulted	O/w subject to impairment	Accumulated impairment		
010	On-balance sheet exposures	69,296	1,841	1,841	68,546	-1,067	0	
020	France	47,455	1,661	1,661	46,951	-913	0	
030	United States	10,955	2	2	10,937	-3	0	
040	Italy	335	6	6	335	-6	0	
050	Luxembourg	928	1	1	857	-0	0	
060	Spain	970	0	0	970	-1	0	
070	Other countries	8,653	172	172	8,497	-144	0	
080	Off-balance sheet exposures	11,901	50	48	8,497	-144	-49	
090	France	8,916	49	48			-42	
100	United States	39	-	-			-0	
110	Luxembourg	475	-	-			-0	
120	Spain	35	0	0			-0	
130	Switzerland	413	0	0			-0	
140	Other countries	2,022	0	0			-6	
150	Total	81,197	1,891	1,888	68,546	-1,067	-49	0

Hedging of non-performing loans

In millions of euros	12/31/2024	12/31/2023
Gross loan outstandings to customers and banks	54,330	51,839
O/w S1/S2 outstandings	52,344	50,004
O/w S3 outstandings	1,986	1,835
Ratio of non-performing/gross loan outstandings	3.7%	3.5%
S3 impairments recognized	812	769
Impairments recognized/non-performing loans	40.9%	41.9%

Credit risk exposure

12/31/2024

EU CR4 – Standardized approach – Credit risk exposure and mitigation effects

In millions of euros

	Exposures before CCF and CRM		Exposures after CCF and CRM		Risk-weighted assets and density	
	Balance sheet	Off-balance sheet items	Balance sheet	Off-balance sheet items	Risk-Weighted Assets	Density of risk-weighted assets
Central governments or central banks	31,919	5	32,608	5	1,180	4%
Regional governments or local authorities	668	24	669	12	97	14%
Public sector entities	592	299	594	153	317	42%
Multilateral development banks	225	2	225	2	19	8%
International organizations	53	0	53	0	0	0%
Institutions	5,775	176	12,418	138	412	3%
Secured bonds	50	0	50	0	5	10%
Corporates	6,018	2,100	5,208	1,033	5,901	95%
Retail	951	38	936	36	729	75%
Equity exposures	0	0	0	0	0	
Units or shares in collective investment undertakings (CIU)	468	0	468	0	1,253	268%
Other exposures	0	0	0	0	0	
Exposures to institutions and corporates with a short-term credit assessment	0	0	0	0	0	
Exposures secured by a real estate mortgage	2,797	138	2,797	68	1,036	36%
High risk exposures	100	0	80	0	120	150%
Exposures in default	218	19	208	14	305	137%
TOTAL	49,834	2,801	56,314	1,461	11,374	20%

EU CR7 – IRB approach – Effect on risk-weighted assets of credit derivatives used as credit risk mitigation techniques

In millions of euros

		12/31/2024	
		Risk-weighted exposure amount before credit derivatives	Real weighted-exposure amount
1	Exposures under foundation IRB approach	8,481	8,481
2	Central governments and central banks	-	-
3	Institutions	624	624
4	Corporates	7,857	7,857
4.1	o/w Corporates – SME	1,816	1,816
4.2	o/w Corporates – Specialized financing	-	-
5	Exposures under advanced IRB approach	4,498	4,498
6	Central governments and central banks	-	-
7	Institutions	-	-
8	Corporates	1,076	1,076
8.1	o/w Corporates – SME	391	391
8.2	o/w Corporates – Specialized financing	-	-
9	Retail	3,422	3,422
9.1	o/w Retail – SME – Guaranteed by real estate collateral	1,131	1,131
9.2	o/w Retail – non-SME – Guaranteed by real estate collateral	1,015	1,015
9.3	o/w Retail – Eligible revolving exposures	97	97
9.4	o/w Retail – SME – Other	600	600
9.5	o/w Retail – non-SME – Other	580	580
10	TOTAL (including foundation and advanced IRB exposure amounts)	12,979	12,979

EU CR7 – IRB approach – Effect on risk-weighted assets of credit derivatives used as credit risk mitigation techniques

In millions of euros

		12/31/2023	
		Risk-weighted exposure amount before credit derivatives	Real weighted-exposure amount
1	Exposures under foundation IRB approach	10,802	10,792
2	Central governments and central banks	151	151
3	Institutions	677	677
4	Corporates	9,975	9,965
4.1	o/w Corporates – SME	2,564	2,564
4.2	o/w Corporates – Specialized financing	-	-
5	Exposures under advanced IRB approach	3,500	3,500
6	Central governments and central banks	-	-
7	Institutions	-	-
8	Corporates	-	-
8.1	o/w Corporates – SME	-	-
8.2	o/w Corporates – Specialized financing	-	-
9	Retail	3,500	3,500
9.1	o/w Retail – SME – Guaranteed by real estate collateral	1,010	1,010
9.2	o/w Retail – non-SME – Guaranteed by real estate collateral	1,039	1,039
9.3	o/w Retail – Eligible revolving exposures	104	104
9.4	o/w Retail – SME – Other	752	752
9.5	o/w Retail – non-SME – Other	595	595
10	TOTAL (including foundation and advanced IRB exposure amounts)	14,302	14,292

EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques

A-IRB	12/31/2024														
	Total exposures	Credit risk mitigation techniques											Credit risk mitigation techniques in the calculation of risk-weighted assets		
		Credit protection funded										Credit protection unfunded		Risk-weighted assets without substitution effects (reduction effects only)	Risk-weighted assets with substitution effects (reduction and substitution effects)
		Part exposures covered by financial collaterals (in %)	Part exposures covered by other eligible collaterals (in %)	Part exposures covered by immovable property collaterals (in %)	Part exposures covered by receivables (in %)	Part exposures covered by other physical collateral (in %)	Part exposures covered by other funded credit protection (in %)	Part exposures covered by cash deposit (in %)	Part exposures covered by life insurance policies (in %)	Part exposures covered by instruments held by a third party (in %)	Part exposures covered by guarantees (in %)	Part exposures covered by credit derivatives (in %)			
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%	-		
Institutions	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-		
Corporates	2,276	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1,076		
o/w Corporates – SME	847	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	391		
o/w Corporates – Specialized financing	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-		
o/w Corporates – Other	1,429	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	685		
Retail	17,033	0.00%	71.32%	65.66%	1.54%	4.12%	0.01%	0.01%	0.00%	0.00%	10.06%	0.00%	3,422		
o/w Retail – SME Real estate	3,319	0.00%	99.87%	99.87%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1,131		
o/w Retail – Non-SME Real estate	7,870	0.00%	99.98%	99.98%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1,015		
o/w Retail – Eligible revolving exposures	685	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	97		
o/w Retail – Other SMEs	1,994	0.00%	14.36%	0.00%	4.48%	9.88%	0.09%	0.09%	0.00%	0.00%	30.39%	0.00%	600		
o/w Retail – Other non-SMEs	3,164	0.00%	21.41%	0.00%	5.48%	15.93%	0.01%	0.01%	0.00%	0.00%	35.03%	0.00%	580		
Total	19,308	0.00%	62.91%	57.92%	1.36%	3.63%	0.01%	0.01%	0.00%	0.00%	8.88%	0.00%	4,498		

F-IRB	12/31/2024												
	Credit risk mitigation techniques												Credit risk mitigation techniques in the calculation of risk-weighted assets
	Total exposures	Credit protection funded									Credit protection unfunded		
		Part of exposures covered by financial collaterals (in %)	Part of exposures covered by other eligible collaterals (in %)	Part of exposures covered by immovable property collaterals (in %)	Part of exposures covered by receivables (in %)	Part of exposures covered by other physical collateral (in %)	Part of exposures covered by other funded credit protection (in %)	Part of exposures covered by cash on deposit (in %)	Part of exposures covered by life insurance policies (in %)	Part of exposures covered by instruments held by a third party (in %)	Part of exposures covered by guarantees (in %)	Part of exposures covered by credit derivatives (in %)	
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%	-
Institutions	1,625	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	624
Corporates	12,999	0.00%	13.15%	9.57%	2.73%	0.85%	0.00%	0.50%	0.00%	0.00%	0.00%	0.00%	7,857
o/w Corporates – SME	3,170	0.00%	39.63%	31.41%	5.58%	2.64%	0.00%	1.63%	0.00%	0.00%	0.00%	0.00%	1,816
o/w Corporates – Specialized financing	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-
o/w Corporates – Other	9,829	0.00%	4.61%	2.53%	1.82%	0.27%	0.00%	0.13%	0.00%	0.00%	0.00%	0.00%	6,041
Total	14,625	0.00%	11.69%	8.51%	2.43%	0.75%	0.00%	0.44%	0.00%	0.00%	0.00%	0.00%	8,481

EU CR8 – Statement of risk-weighted flows relating to credit risk exposures under the IRB approach

		12/31/2024	12/31/2023
		Weighted-exposure amount	Weighted-exposure amount
In millions of euros			
1	Risk-weighted exposure amount at the end of the previous reporting period	14,292	13,010
2	Asset size (+/-)	302	2,205
3	Asset quality (+/-)	-513	-417
4	Model updates (+/-)	-674	95
5	Methodology and policies (+/-)	-458	-
6	Acquisitions and disposals (+/-)	-	-
7	Foreign exchange movements (+/-)	4	-18
8	Other (+/-)	25	-583
9	Risk-weighted exposure amount at the end of the reporting period	12,979	14,292

EU CR10 – Specialized and equity financing exposures under the simple risk-weighting approach

Categories In millions of euros	On- balance sheet exposures	Off- balance sheet exposures	Risk weight	Value at Risk	Weighted- exposure amount	Expected loss amount
Private equity exposures	118	0	190%	118	223	1
Exchange-traded equity exposures	6	0	290%	6	19	0
Other equity exposures	1,361	0	370%	1,361	5,037	33
Total	1,485	-		1,485	5,279	34

Assets with past due payments

Assets with payment arrears are performing financial assets with payment incidents. For example:

- A debt instrument may be in arrears when the bond issuer no longer pays its coupon;
- A loan is considered to be in arrears if one of the maturities is unpaid;
- An ordinary account in debit recorded on the "loans and advances" line is considered to be in arrears if the overdraft authorization, in terms of term or amount, is exceeded at the reporting date.

The amounts presented in the table do not include technical arrears, *i.e.*, arrears resulting from a difference between the value date and the date of recognition in the customer's account.

Assets with payment arrears (outstanding principal and accrued interest for loans and total overdraft for ordinary accounts) break down by age of arrears as follows:

EU CQ3 – Credit quality of performing and non-performing exposures by number of days past due at 12/31/2024 <i>In millions of euros</i>	Gross carrying amount/Nominal amount											
	Performing exposures				Non-performing exposures							
		Not past due or past due ≤30 days	Past due >30 days ≤90 days		Unlikely to pay that are not past due or are past due ≤90 days	Past due >90 days ≤180 days	Past due >180 days ≤1 year	Past due >1 year ≤2 years	Past due >2 years ≤5 years	Past due >5 years ≤7 years	Past due >7 years	O/w defaulted
Cash balances at central banks and other demand deposits	11,905	11,905	-	0	0	-	-	-	-	-	-	0
Loans and advances	51,375	51,229	146	1,986	1,633	155	70	41	55	9	23	1,986
Central banks	31	31	-	-	-	-	-	-	-	-	-	-
General governments	2,600	2,600	0	0	0	-	-	-	-	-	-	0
Banks	6,410	6,410	0	5	-	-	-	-	5	-	-	5
Other financial corporations	2,330	2,330	-	7	6	1	-	-	-	-	-	7
Non-financial corporations	21,142	21,036	107	1,160	979	84	28	21	38	3	7	1,160
O/w SMEs	9,373	9,292	80	713	625	38	20	13	12	2	4	713
Households	18,863	18,824	39	813	648	70	42	20	12	6	16	813
Debt securities	24,875	24,875	-	1	1	-	-	-	-	-	-	1
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	18,990	18,990	-	-	-	-	-	-	-	-	-	-
Banks	1,304	1,304	-	-	-	-	-	-	-	-	-	-
Other financial corporations	3,606	3,606	-	1	1	-	-	-	-	-	-	1
Non-financial corporations	975	975	-	-	-	-	-	-	-	-	-	-
Off-balance sheet exposures	14,253			84								84
Central banks	5			-								-
General governments	1,913			-								-
Banks	2,054			-								-
Other financial corporations	1,285			9								9
Non-financial corporations	8,004			71								70
Households	992			5								5
Total	102,408	88,010	146	2,072	1,635	155	70	41	55	9	23	2,072

EU CQ3 – Credit quality of performing and non-performing exposures by number of days past due at 12/31/2023	Gross carrying amount/Nominal amount											
	Performing exposures			Non-performing exposures								
	Not past due or past due ≤30 days	Past due >30 days ≤90 days		Unlikely to pay that are not past due or are past due ≤90 days	Past due >90 days ≤180 days	Past due >180 days ≤1 year	Past due >1 year ≤2 years	Past due >2 years ≤5 years	Past due >5 years ≤7 years	Past due >7 years	O/w defaulted	
In millions of euros												
Cash balances at central banks and other demand deposits	16,491	16,491	-	0	0	-	-	-	-	-	-	0
Loans and advances	49,141	48,794	347	1,836	1,608	68	57	36	37	16	13	1,835
Central banks	27	27	-	-	-	-	-	-	-	-	-	-
General governments	2,336	2,332	4	1	1	-	0	-	-	-	-	1
Banks	5,962	5,962	-	5	-	-	-	-	5	-	-	5
Other financial corporations	1,662	1,662	-	6	6	-	-	-	-	-	-	6
Non-financial corporations	20,536	20,272	264	1,107	992	33	29	22	22	8	1	1,106
O/w SMEs	9,487	9,379	108	603	539	19	22	12	4	4	1	602
Households	18,617	18,539	78	716	609	35	28	14	10	8	12	716
Debt securities	18,314	18,314	-	6	6	-	-	-	-	-	-	6
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	13,535	13,535	-	-	-	-	-	-	-	-	-	-
Banks	796	796	-	-	-	-	-	-	-	-	-	-
Other financial corporations	3,145	3,145	-	2	2	-	-	-	-	-	-	2
Non-financial corporations	838	838	-	4	4	-	-	-	-	-	-	4
Off-balance sheet exposures	11,852			50								48
Central banks	4			-								-
General governments	1,106			-								-
Banks	1,136			-								-
Other financial corporations	1,183			3								3
Non-financial corporations	7,290			40								38
Households	1,134			7								7
Total	95,797	83,599	347	1,891	1,614	68	57	36	37	16	13	1,888

Quality of exposures

EU CQ5 – Credit quality of loans and advances granted to non-financial corporations by industry at 12/31/2024

In millions of euros

		12/31/2024					
EU CQ5 – Credit quality of loans and advances granted to non-financial corporations by industry at 12/31/2024		Gross carrying amount			Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures	
		O/w non-performing		O/w loan and advances subject to impairment			
In millions of euros							
010	Agriculture, forestry and fishing	115	15	15	115	-8	-
020	Mining and quarrying	44	25	25	44	-12	-
030	Manufacturing	1,259	124	124	1,259	-80	-
040	Electricity, gas, steam and air conditioning supply	326	4	4	326	-4	-
050	Water supply	64	2	2	64	-1	-
060	Construction	750	96	96	750	-54	-
070	Wholesale and retail trade	3,118	193	193	3,118	-121	-
080	Transport and storage	689	32	32	689	-24	-
090	Accommodation and food service activities	746	97	97	746	-50	-
100	Information and communication	499	19	19	499	-9	-
110	Real estate activities	9,166	289	289	9,166	-258	-
120	Financial and insurance activities	1,577	50	50	1,577	-37	-
130	Professional, scientific and technical activities	1,628	90	90	1,628	-31	-
140	Administrative and support service activities	888	44	44	888	-27	-
150	Public administration and defense, compulsory social security	187	0	0	187	-0	-
160	Education	51	7	7	51	-3	-
170	Human health services and social work activities	249	5	5	249	-8	-
180	Arts, entertainment and recreation	310	9	9	310	-6	-
190	Other services	635	61	61	635	-75	-
	Total	22,303	1,160	1,160	22,303	-807	

EU CQ5 – Credit quality of loans and advances granted to non-financial corporations by industry at 12/31/2023

In millions of euros

EU CQ5 – Credit quality of loans and advances granted to non-financial corporations by industry at 12/31/2023		12/31/2023					
		Gross carrying amount			Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures	
		O/w non-performing		O/w loan and advances subject to impairment			
In millions of euros				O/w defaulted			
010	Agriculture, forestry and fishing	93	12	12	93	-6	-
020	Mining and quarrying	49	26	26	49	-12	-
030	Manufacturing	1,308	102	102	1,308	-72	-
040	Electricity, gas, steam and air conditioning supply	240	1	1	240	-2	-
050	Water supply	83	2	2	83	-1	-
060	Construction	703	88	88	703	-53	-
070	Wholesale and retail trade	2,856	176	176	2,856	-107	-
080	Transport and storage	745	40	40	745	-23	-
090	Accommodation and food service activities	735	97	97	735	-51	-
100	Information and communication	396	18	18	396	-8	-
110	Real estate activities	8,922	291	291	8,922	-189	-
120	Financial and insurance activities	1,657	52	52	1,657	-28	-
130	Professional, scientific and technical activities	1,551	65	65	1,551	-29	-
140	Administrative and support service activities	912	46	46	912	-28	-
150	Public administration and defense, compulsory social security	11	0	0	11	-0	-
160	Education	61	7	7	61	-3	-
170	Human health services and social work activities	261	50	50	261	-9	-
180	Arts, entertainment and recreation	263	7	7	263	-4	-
190	Other services	796	28	28	796	-87	-
Total		21,643	1,107	1,106	21,643	-712	

Use of credit risk mitigation techniques

12/31/2024

EU CR3:

Use of credit risk mitigation techniques at 12/31/2024

		Unsecured carrying amount	Secured carrying amount	O/w secured collateral	by O/w secured by financial guarantees	O/w secured by credit derivatives
<i>In millions of euros</i>						
1	Loans and advances	38,281	25,813	16,453	9,360	-
2	Debt securities	24,635	238	-	238	-
3	Total	62,916	26,051	16,453	9,598	-
4	<i>o/w non-performing exposures</i>	330	844	452	393	-
5	<i>O/w defaulted</i>	331	844			

12/31/2023

EU CR3:

Use of credit risk mitigation techniques at 12/31/2023

		Unsecured carrying amount	Secured carrying amount	O/w secured collateral	by O/w secured by financial guarantees	O/w secured by credit derivatives
<i>In millions of euros</i>						
1	Loans and advances	39,858	26,548	16,294	10,254	-
2	Debt securities	18,253	61		61	-
3	Total	58,111	26,609	16,294	10,315	-
4	<i>o/w non-performing exposures</i>	254	814	428	386	-
5	<i>O/w defaulted</i>	258	814			

Detailed quantitative information

The detailed quantitative information relating to credit risk in the following tables enhances the information in the previous section under Pillar III.

The key variables presented in the tables are:

- the exposure: all assets (e.g., loans, advances, accrued income, etc.) related to transactions on the market or with a customer and recorded on the bank's balance sheet and off-balance sheet;
- the Value at risk (Exposure at Default, EAD);
- the probability of default (PD);
- the loss given default (LGD);
- the expected loss (EL), i.e., the value of the loss likely to be incurred given the quality of the structure of the transaction and any measures taken to mitigate risk, such as collateral. In the IRBA method, the following equation summarizes the relationship between these variables: $EL = EAD \times PD \times LGD$ (except for loans in default);
- the risk-weighted assets (RWA): calculated on the basis of exposures and the level of risk associated with them, which depends on the credit quality of the counterparties.

The reporting lines show exposures by standardized or IRB approach, by geographic area, by business sector and by maturity. They also present credit quality by standardized or IRB approach, by geographic area and by business sector. The tables are presented with respect to credit risk after application of risk mitigation techniques and including CVA. The breakdowns are presented without substitution by the guarantor segment.

Credit risk exposure after mitigation effects and the effects of credit derivatives on risk-weighted assets are also presented.

Credit risk exposures are presented by obligor category listed below:

- central banks and other sovereign exposures: centralization of regulated savings with Caisse des Dépôts et Consignations, deferred taxes and reserves;
- central governments: receivables from sovereign states, central governments and similar, multilateral development banks and international organizations;
- public sector and similar: receivables from national public institutions, local authorities or other public sector entities, including private social housing;
- financial institutions: receivables from regulated banks and similar, including clearing houses;

- companies: other receivables, in particular large corporates, SMEs, medium-sized companies, insurance companies, funds, etc.;
- retail customers: receivables from individual customers, very small businesses, professional customers and self-employed customers;
- exposure to retail customers is further broken down into several categories: exposures secured by a real estate mortgage excluding SMEs, exposures secured by a real estate mortgage including SMEs, revolving exposures, other exposures to retail customers, of which SMEs and other non-SME retail exposures;
- securitization: receivables relating to securitization transactions;
- equities: exposures representing equity securities;
- other assets: this class includes all assets other than those whose risk relates to third parties (fixed assets, goodwill, residual values on finance leases, etc.).

EU CR1-A

Maturity of exposures at 12/31/2024

In millions of euros

		12/31/2024				
		Net exposure value				
		Demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity
1	Loans and advances	3,435	17,565	13,817	17,664	820
2	Debt securities	-	2,468	18,535	3,284	3,612
3	Total	3,435	20,034	32,352	20,948	4,432

EU CR1-A

Maturity of exposures at 12/31/2023

In millions of euros

		12/31/2023				
		Net exposure value				
		Demand	≤ 1 year	> 1 year ≤ 5 years	> 5 years	No stated maturity
1	Loans and advances	3,100	16,752	13,511	17,411	138
2	Debt securities	-	2,045	13,888	1,768	10,703
3	Total	3,100	18,796	27,400	19,179	10,841

EU CQ7 – Collateral obtained by taking possession and execution processes at 12/31/2024

In millions of euros

		12/31/2024	
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	-	0
020	Other than PP&E	-	0
030	Residential real estate	-	0
040	Commercial real estate	-	0
050	Movable assets (cars, ships, etc.)	-	-
060	Equities and debt securities	-	0
070	Other collateral	-	0
080	Total	-	0

EU CQ7 – Collateral obtained by taking possession and execution processes at 12/31/2023

In millions of euros

		12/31/2023	
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	-	0
020	Other than PP&E	-	0
030	Residential real estate	-	0
040	Commercial real estate	-	0
050	Movable assets (cars, ships, etc.)	-	0
060	Equities and debt securities	-	0
070	Other collateral	-	0
080	Total	-	0

CCyB2: Amount of institution-specific countercyclical capital buffer

In millions of euros

		12/31/2024	12/31/2023
1	Total risk exposure amount	37,302	35,165
2	Institution-specific countercyclical capital buffer rate	0.85%	0.44%
3	Institution-specific countercyclical capital buffer requirement	316	155

EU LR3 – LRSpl: Breakdown of balance sheet exposures (excluding derivatives, SFTS and exempted exposures)

In millions of euros

		12/31/2024	12/31/2023
		Exposures for leverage ratio purposes under the CRR	Exposures for leverage ratio purposes under the CRR
Total on-balance sheet exposures (excluding derivatives, SFT and exempted exposures), of which:		88,077	84,168
EU-2	Trading book exposures	1,519	1,411
EU-3	Banking book exposures, of which:	86,558	82,757
EU-4	Covered bonds	347	293
EU-5	Exposures considered as sovereign	31,281	29,964
EU-6	Exposures to regional governments, multi-development banks, international organizations and public sector entities not treated as sovereigns	564	391
EU-7	Institutions	1,921	1,169
EU-8	Exposures secured by a real estate mortgage	14,653	14,742
EU-9	Retail exposures	5,032	5,050
EU-10	Corporates	14,522	12,689
EU-11	Exposures in default	1,573	1,486
EU-12	Other exposures (e.g., equity, securitizations, and other non-credit obligation assets)	16,665	16,974

5. MARKET TRANSACTION RISKS

Market risk is defined as the risk of losses related to variations in market parameters.

Market risk is made up of four main components:

- Interest rate risk: the risk that the holder of a credit or debt security faces when there is a change in interest rates; this risk can specifically relate to one particular issuer or to one particular category of issuers whose rating is lowered (credit spread risk);
- Exchange rate risk: the risk that affects the holder's assets and securities denominated in market-traded currencies other than the national currency when there are variations in currency exchange rates;
- Price variation risk: the price risk of the position held in a certain financial asset can change, in particular share prices;
- Risk of variation in other valuation parameters: volatility of under-lying values, distributed dividends, liquidity margin, correlation of the under-lying, etc.

5.1 French Banking Separation and Regulation Act (SRAB)

Since the end of 2014, the group has been in compliance with the requirements set out in Article 2 of the Ministerial Order of September 9, 2014 implementing Title I of act No. 2013-672 of July 26, 2013 on the separation and regulation of banking activities (SRAB law), as amended by the Ministerial Order of March 18, 2019.

The system is coordinated by Group Compliance.

For BRED, the mapping of SRAB internal units is as follows:

Financial transactions		
ALM	Asset/Liability management	Management of the interest rate, liquidity and foreign exchange balances of the bank and its subsidiaries within the framework of a consolidated vision.
	Macroeconomic hedges	Macroeconomic hedges of the risks borne by the bank's financial assets in a financial crisis scenario.
Short-term credit facilities	Short-term credit facilities	Implementation of the cash management policy in all currencies: sound and prudent cash management.
CMI	Consolidated management of investments	Management of a portfolio of assets with a medium- to long-term intention to hold them and generate recurring income.
Trading desk		
Network solution	€ network customers	Fixed income and investment products offered to customers in the retail network.
	\$ network customers	Offer of foreign exchange products to customers in the commercial network.
Market solution - Monetary intermediation		Intermediation of securities with market professionals who have usual interests in the money market.
Market solution - Liquidity department		Offer of liquidity services on BRED's authorization (deposits, repos) to market professionals who have standard interests in the money market and management of the associated liquidity.
Market solution - Investment solutions		Business relationship with market professionals who have usual investor interests (sourcing <i>and</i> distribution of securities, offering of interest rate and equity derivatives).
Organized market	Equities	Market performance on Euronext and alternative platforms such as Chi-X (bid: offer on equities), in particular for shares subject to OST.
	Rate	Automated listing of Futures (with underlying securities (Bobl, Oat, etc.) or swaps.
Macro-hedging strategies	Macroeconomic hedges	Implementation of macro-hedging strategies for trading desk NBI, subject to prior approval by the CMF.

5.2 Organization of market risk monitoring

5.2.1 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 structured around five internal units at BRED Group's consolidated level:

- Network Solutions, whose purpose is to match the converging needs of companies looking for financing and institutional customers looking to make investments by structuring transactions, and to offer fixed-income, foreign exchange and investment products to customers of the commercial network;
- Market Solutions – Monetary Intermediation, whose purpose is to maintain a commercial relationship with market professionals who have standard interests in the money market;
- Market Solutions – Liquidity department, whose purpose is to offer liquidity services on BRED's authorization (deposits, repos) to market professionals who have standard interests in the money market and 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 fixed income and equity derivatives);
- Organized markets, whose purpose is market making (quotation on shares and interest rate futures).

The control system set up to ensure compliance with the provisions of the law on the separation of banking activities has been enhanced by the implementation of regular analysis reports and daily warning indicators.

The Finance department comprises three internal units:

- Balance Sheet Management, whose activities are described below (in the paragraphs concerning balance sheet risk);
- Treasury, whose activities are described below (in the paragraphs concerning balance sheet risk);
- Consolidated Management of Investments (CMI), which manages a portfolio of assets with the intention of holding them over the medium and long term. The investment objective is to benefit from recurring revenues and build up unrealized capital gains. The CMI is linked to NJR, a BRED Group subsidiary that invests mainly in securitized assets eligible for central bank refinancing and in real estate assets.

The Modelling department, which reports to the Risk, Protection and Control department, has responsibility for:

- producing risk measurement data;
- designing and managing risk valuation models;
- verifying the market parameters used;
- daily calculation of compliance with limits;
- reporting on market risks and performance;
- developing and monitoring tools;
- production of the Trading Desk's combined Net Banking Income (NBI) and its analysis by risk factor.

The Financial Risk division (FRD):

- identifies and maps market risks;
- supervises the definition of market risk measurement methods and standards;
- draws up a proposed framework for managing market risks;
- contributes to second-level controls on the quality of risk data and results;
- conducts a specific control on compliance with good practices defined in the Lagarde report;
- monitors the evolution in risk indicators especially *vis-à-vis* defined limits and ensure exceeded limits are resolved;
- performs *ex-post* controls of the proper application of the decisions issued by the relevant market risk committees;
- regularly informs executive and supervisory bodies;
- monitors compliance with the risk mandates;
- 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 authorized 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 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 authorizing new products or activities relating to market activities;
- the Investment Committee, which decides on BRED Group's financial investments, excluding the Trading Desk;
- the Credit Committee, which sets the credit and counterparty risk limits for transactions with all third parties when these are not covered by the unitary division limits;
- the Market Activities Change Management Committee, which reviews new products and possible IT developments within the scope of market activities;
- the Coordination Committee for the fight against fraud;
- the Compliance Committee, which monitors non-compliance risks and the action plans put in place to rectify such risks;
- the Risk-takers Committee which notably examines any authorization levels that have been exceeded and other events that may constitute a breach of the risk mandates.

5.2.2 Registration of transactions

The back office (BO) is responsible for controlling and validating transactions. Any trade carried out by a market trader is imported into the back-office information system. BO operational staff are then responsible for:

- validating the trade through the confirmation from the counterparty and/or broker;
- post-trade operations (settlement/delivery, verification of contracts or SWIFT messages depending on the product).

The audit trail of the back-office information system makes it possible, for each occurrence (creation, modification, elimination) to find: the date; the transaction identifier, the person who created or modified it, the type of modification, and the cancellation or re-entering.

Front Office operators cannot change or cancel any transaction in the Back Office systems.

5.2.3 Remuneration

In accordance with the latest regulatory requirements, based on proposals by Executive Management and after examination by the Remuneration Committee, BRED's Board of Directors determines the principles governing variable remuneration paid to employees performing activities that could have an impact on the Bank's risk profile, particularly market traders.

These principles are designed to ensure that such employees and the Bank have the same interests with regard to risk management.

5.3 Market risk measurement and monitoring

The overall market risk limits are set and reviewed, as necessary and at least once a year, by the executive management and, where applicable, by the Supervisory Body, taking into account the company's own funds and if necessary, consolidated equity and its allocation within the Group adapted to the risks incurred.

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 one-day holding horizon for the 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.

Crisis simulations related to market risk

The stress test consists of simulating strong variations in market parameters in the portfolio in order to detect the loss, should such situations occur.

Stress tests are calibrated according to severity and occurrence levels, which are consistent with portfolio management objectives:

Trading book stress tests are calibrated over a 10-day period and a 10-year probability of occurrence. They are based on:	• historical scenarios, which reproduce changes in market conditions observed during past crises, their impacts on current positions and P&Ls. They can be used to assess the exposure of the Group's activities to known scenarios; • hypothetical scenarios, which involve simulating changes in market conditions in all activities based on plausible assumptions concerning the dissemination of an initial shock. These shocks are determined by scenarios defined according to economic criteria (real estate crisis, default of a financial institution, etc.).
Banking book stress tests are calibrated over 3-month periods in line with the banking book's management periods:	• a bond stress test calibrated using a historical approach that reproduces a stress on sovereigns (similar to the 2011 crisis); • a bond stress test calibrated using a historical approach that reproduces a stress on corporates (similar to the 2008 crisis); • an equity stress test calibrated over the 2011 historical period, applied to equity investments for the purpose of the liquidity reserve; • a private equity and real estate stress test, calibrated over the 2008 historical period, applied to the private equity and real estate portfolios.

These stresses are defined and applied in a common way across the Group so that the Group Risk division can monitor them on a consolidated basis. These are monitored as part of the recurring control system and through regular reporting.

In addition, specific stress scenarios complete this system. Either at Group level or by entity in order to best reflect the specific risk profile of each of the portfolios (mainly private equity or non-operating real estate assets).

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 program product and recovered in a follow-up tool developed internally by the Modelling department. This last tool also daily calculates when certain set limits are reached.

In addition, counterparty risk measurement software – also developed in-house by the Modelling department – is used to measure credit and counterparty risk on an individual basis and an aggregate basis by group of counterparties. The follow-up includes default risks as well as market value losses in the event of default by a counterparty. The tool also monitors consumption of allocated credit limits on a daily basis.

Monitoring reports on the information and results are produced and provided and presented to the executive management and supervisory body, and to BPCE, on a weekly or monthly basis using a format tailored to each audience as required. In addition, a dashboard is prepared each quarter, then presented to the Financial Markets Committee and forwarded to the ACPR.

5.4 The permanent control system for market risk

First-level controls are to be carried out by market business operations and their hierarchy who should ensure continuous adaptation in their organization and their procedures in order to meet the goals set for internal control, as well as continuous monitoring of the limits set for them. The Trading Desk has a middle-office team dedicated to first-level control. The hierarchy of the Floor calculates the daily result of transactions and ensures first-level control.

For the back office, first-level controls include:

- daily reconciliation of positions performed automatically between the front office (FO) and back office (BO) software applications, and real-time validation of transactions, based on supporting data;
- various monthly reconciliations of flows between the FO and BO applications to verify that the flows calculated in the FO systems match those actually paid or received.

A BO team, in charge of checking results, regularly reconciles the FO business data with the BO accounting data.

The Market Risk division ensures a follow-up on the use of limits and checks that they are respected. Should they be exceeded this is reported on a weekly basis to the executive management.

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 Financial Risk division also verifies compliance with the risk mandates, particularly with regard to the products authorized per internal unit and the appropriateness of their strategies. The model validation team approves the calculation methods (developed by the Modelling department), valuation methods and risk indicators.

The Financial Audit function, reporting to the Finance department, is responsible for controlling the accounting risks associated with market transactions.

Permanent controllers ensure the control of FO and BO procedures. In particular, they report the operational and technical risks linked to the validation, confirmation and execution processing chain. They report the audit results to the Risk division, Financial Audit and the Investment Services Compliance department.

5.5 Statistics on exposure to market risk

5.5.1 Capital requirements

The calculation of risk weighted assets (RWA) that determines the need for equity, gives a synthetic measurement of global risk and of the kind of risk.

Risk-weighted assets based on market risk

BRED Group

In millions of euros

	12/31/2024	12/31/2023
Interest rate risk	715	665
Exchange rate risk	816	542
Ownership, commodities and gold risk	62	129
TOTAL	1,593	1,336

Risk-weighted assets based on market credit risk exposure

Trading desk and CMI

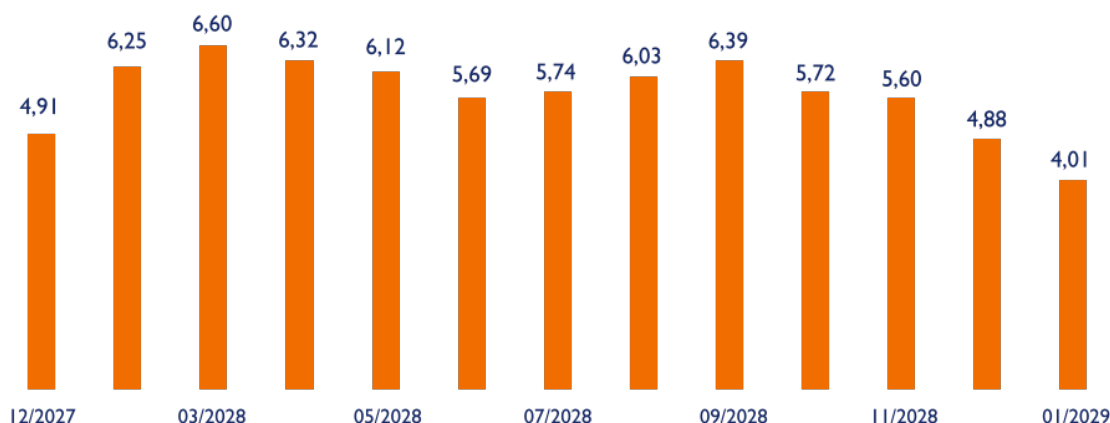
In millions of euros

	12/31/2024	12/31/2023
Counterparty risk	904	768
Credit risk	3,028	2,497
TOTAL	3,932	3,265

5.5.2 Value-at-Risk

The BRED VaR in question is a 99% one-day VaR, developed from a parametric variance-covariance model and calculated for the trading portfolio.

Historical trading desk VaR - Trading Scope, in € m



VaR was down slightly over one year and stood at €4.0 million at December 31, 2024 (vs. €4.9 million at December 31, 2023), due to a decrease in position on the replacement share business at the end of the year.

5.5.3 Risks associated with capital market activities

<i>In millions of euros</i>	12/31/2024	12/31/2023
Sovereign	21,557	15,571
Interbank	5,211	3,723
Secured bonds	421	368
Corporate	2,232	2,019
Securitization	3,010	2,733
• O/w Trading Desk	742	721
• O/w Investment	2,268	2,011
TOTAL	32,430	24,415
• O/w off-balance sheet	3,549	2,739

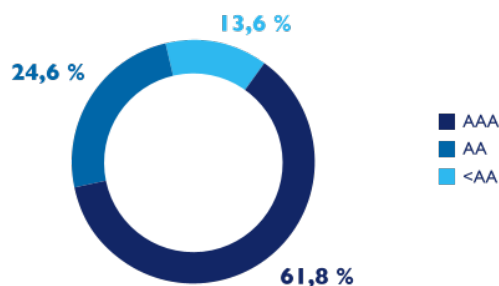
Total BRED scope, excluding securitizations of BRED receivables carried by BRED. The off-balance sheet counterparty risk is calculated based on the replacement value plus an add-on amount determined by reference to volatility and designed to cover any subsequent fluctuation in the replacement value.

The level of exposure to underwriting risk is up sharply, particularly on sovereign exposures (replacement assets on US bonds), on interbank exposures (increase in the number of SFTs and derivatives transactions) and on securitizations (increase in the target size of the securitization portfolio within the subsidiary NJR).

5.5.4 Sovereign risk by rating

As of December 31, 2024, nearly 83% of the sovereign debt portfolio was rated AA or better.

Sovereigns by rating



5.6 Work carried out in 2024

The changes in activity in 2024 mainly relate to the increase in the reinvestment of customer deposits on US government securities and an excellent performance of the bond and equity reinvestment activities. The risk management system is constantly evolving. The year 2024 saw the introduction of an indicator to improve the monitoring of the trading desk's liquidity risk.

In addition to its periodic controls, the permanent control of market activities carried out several process reviews in 2024 on euro network customer activities, and on the organized markets.

In addition, the second-level controls are satisfactory and have not given rise to any major recommendations.

6. STRUCTURAL BALANCE SHEET RISKS

Structural balance sheet risk is constituted by an immediate or future risk of loss due to variations in commercial or financial parameters and the balance sheet structure for the activities of the banking portfolio, excluding own-account transactions.

Structural balance sheet risk has three main components:

- the liquidity risk and the risk for the institution of being unable to meet its commitments or being unable to close out or offset a position due to the market situation or idiosyncratic factors, within a reasonable time period and at reasonable cost (Ministerial Order of November 3, 2014). Liquidity risk is also associated with the inability to convert non-liquid assets into liquid assets;
- the overall interest rate risk is the risk incurred in the event of a variation in interest rates on all on-balance-sheet and off-balance-sheet transactions, excluding any transactions subject to market risk (Ministerial Order of November 3, 2014);
- the structural foreign-exchange risk affects receivables and securities denominated in foreign currency due to variations in the rates of these currencies when expressed in national currency.

6.1 Principles of balance sheet and treasury risk management

6.1.1 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 a second-level control department, the Financial Risk division (DRF).

The Treasury department (DTRE), created at the end of 2014 pursuant to the French law on segregation and regulation of banking activities (Law 2013-72) and the Ministerial Order of September 9, 2014, is responsible for implementing the cash management strategy and has no market activities other than for the purpose of sound and prudent cash management.

The balance sheet and treasury risk management activities are supervised by the following monthly committees:

- the Asset/Liability Management Committee (COGAP), 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 authorized 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 division, 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.

6.1.2 Role of the ALM department (DALM)

The ALM department, reporting to the Finance department, manages assets and liabilities as well as macroeconomic hedging for the Bank's risks in a financial crisis scenario. The ALM department is responsible for managing the financial structures of the Bank and its subsidiaries on a consolidated basis. Its range of activities includes asset/liability management, refinancing (outside the perimeter devolved to the Treasury department, as indicated below) and the management of liquidity reserves, equity and solvency.

In this regard, and as part of the ALM limits set for it, the ALM department is responsible for entering into (with regard to BRED) and monitoring (with regard to BRED and its subsidiaries) the following categories of financial transactions:

- Liquidity management covering the refinancing operations of BRED, the loans to the subsidiaries, the management of cash reserves, for the ALM portion, in coordination with the Treasury department (LCR or Banque de France); the latter include all the eligible collateral that could be used for the purpose of operational liquidity management, as well as its eventual structuring. The ALM department defines the liquidity management policy one week ahead and beyond, notably in terms of managing ratios. Alongside the Treasury department, it is responsible for the business continuity plan (BCP) relating to liquidity;
- The management of interest-rate risk, inflation risk and hedging transactions aimed at protecting BRED Group's earnings over the long term, and in particular its interest margin;
- The management of Group solvency: any market transaction aimed at reinforcing the Group's solvency, including issuing market securities eligible for the Bank's regulatory capital;
- The management of structural exchange-rate risk: any transaction making it possible to guarantee that all the currency positions that are held by BRED Group will be maintained at lower levels than the established limits.

The macroeconomic hedging activity is designed to protect the Bank in the event of a serious economic or financial crisis. Hedge positions are decided by the Chief Executive Officer after consultation with the Risk division 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 Executive 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-authorized by the head of the ALM department or the Financial Director.

6.1.3 Role of the Treasury department (DTRE)

The Treasury department, reporting to the Finance department, defines the policy in terms of treasury operations accompanied by a supporting arrangement, which is approved by the Executive Management following advice from Risk Management. Its main aim is to guide the intra-day flows and to manage the treasury forecasts in order to ensure daily balances and short-term financial security.

The treasurer applies treasury management policies and checks the equilibrium between the daily refinancing capacities of the Bank and the impacts of the development of its business on the treasury. Its activity consists primarily of managing various portfolios of cash transactions, corresponding to assets and liabilities held to balance BRED's cash position (Trading Desk and commercial banking). These consist of interbank transactions (repos and reverse repos, lending and borrowing), transactions with the European Central Bank and balancing of accounts in all currencies.

The Treasury department may demand transactions to be executed by the Trading Desk and/or by the ALM department.

To that end, 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 utilization 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 authorized 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 authorizations 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 division 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.

6.1.4 Role of the Financial Risk division (DRF)

The DRF is responsible for second-level control of financial management activities with regard to balance sheet risks. It verifies the proper application and relevance of first-level controls implemented and checks the reliability of risk generating processes.

Its main tasks in this respect are to:

- supervise the definition of first-level control standards and methods;
- validate the risk monitoring system, check the reliability of the parameters and measurement methods used and reconcile accounting and management data;
- contribute to defining and developing the ALM risk management system (risk indicators, limit systems), subject to validation by the competent committees in this respect or by the Executive 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 DRF performs second-level control of market transactions carried out as part of the responsibilities of the ALM and Treasury departments, as set out above (in the paragraphs relating to Market Transactions).

6.1.5 Role of Groupe BPCE's departments

These tasks are carried out in liaison with Groupe BPCE's Finance department and Risk division, 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.

6.2 Measuring and monitoring balance sheet risk

6.2.1 Tools and reporting

BRED's measurement of balance sheet risks is based on a Groupe BPCE tool. On a quarterly basis, the ALM department inputs BRED Group's balance sheet data into the application, which produces measurement indicators, including:

- static liquidity gaps, which measure balance sheet in runoff circumstances;
- static interest-rate gaps, which measure balance sheet run-off broken down by indexation rate. The interest-rate gap set enables the calculation of a regulatory indicator subject to a limit: the SOT (supervisory outlier test) indicator. It is used for financial communications (market benchmark). This indicator has not been adopted as a management indicator, although the regulatory limit of 20% applicable to it must be respected;
- Economic Value of Equity (EVE), which measures the sensitivity of the economic value of equity. Calibration of the limit on this indicator is based on the following two observations: the retail banking model cannot lead to a structural detransformation position (major risk on the replacement of demand deposits), or to a directional position generating gains in the event of a drop of 200 basis points in interest rates. The limit system must be independent of interest rate expectations so that the Bank can be resilient in the event of an unexpected and high-scale interest rate shock, which is a separate reflection of the hedges to be put in place;
- the sensitivity of the net interest margin (NIM) measured over the next four rolling years. Over a management horizon, in four rolling years, it measures the sensitivity of our results to interest rate fluctuations, business forecasts (new business and changes in customer behavior) and sales margins.

6.2.2 Implementation at subsidiary level

The risk measurements reported to Groupe BPCE are aggregated at BRED Group level. The ALM department draws up measurement indicators by subsidiary based on the data entered into the Groupe BPCE management application. The indicators produced for BRED Group subsidiaries include static interest rate and liquidity gaps, sensitivity of the interest margin to interest rate shocks and liquidity gaps in stress situations. These indicators are calculated with the agreements defined at Groupe BPCE level. They are the subject of dedicated reports sent to the subsidiaries concerned. The limits that apply to each subsidiary are approved by their decision-making bodies.

6.2.3 Additional monitoring metrics

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.

6.2.4 Communication to executive management and the Board of Directors

The Chief Executive Officer chairs the Financial Strategy Committee and the Financial Markets Committee. The Risk division reports any breaches of limits to Executive Management. The Finance department and the Risk division report regularly to the Board of Directors on balance sheet risk. The Risk division also reports to the Board Risk Committee.

6.3 Permanent control of balance sheet risks

In order to ensure that risks related to the balance sheet are closely monitored, BRED has implemented both 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.

A variety of controls are performed at every stage of the ALM indicator production process to ensure there are no losses of data and that the data is consistent with the accounting balance sheet data.

Any differences or rejected data are identified and then either explained or restated. Any changes in the indicators must be explained by changes in the balance sheet. These checks are formally documented in first-level control statements, which are reviewed by the DRF before the associated reports are drawn up. Similarly, the DRF reviews any adjustments made by the ALM department to ensure that they are valid prior to input into the management application.

The DRF is also responsible for monitoring the implementation of methods defined at Groupe BPCE level, the implementation of decisions taken by BRED's committees and compliance with Executive Management's guidelines. Lastly, the BRED Risk division verifies compliance with ALM limits and authorized products.

6.4 Statistics on exposure to balance sheet risk

Liquidity coverage ratio

Liquidity coverage ratio (LCR) is a short-term stress ratio. It requires banks to hold a stock of assets assumed to be low risk and easily marketable in order to offset net flows to be disbursed in the event of a crisis over a period of 30 days.

As at December 31, 2024, BRED had an LCR ratio of 105.95% for the parent company BRED scope and 108.41% for the consolidated BRED scope, *i.e.*, values well above the regulatory limit of 100%.

6.5 Work carried out in 2024

The year 2024 was marked by still significant liquidity needs, with still a major effort to collect deposits requested from the commercial bank while limiting the production of new loans. Market conditions are now more favorable for the bank with higher interest rates (as a result of the actions of the European Central Bank), thus making it possible to generate NIM for the coming years.

6.6 Quantitative information

Liquidity coverage ratio (LCR) is a short-term stress ratio. It requires banks to hold a stock of assets assumed to be low risk and easily marketable in order to offset net flows to be disbursed in the event of a crisis over a period of 30 days.

As at December 31, 2024, BRED had an LCR ratio of 105.95% for the parent company BRED scope and 108.41% for the consolidated BRED scope, *i.e.*, values well above the regulatory limit of 100%.

Sources and uses of funds by maturity (DRAC) <i>In millions of euros</i>	Less than 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Not determined	Total at 12/31/2024
Cash and amounts due from central banks	11,155	0	0	0	0	0	11,155
Financial assets at fair value through profit or loss	0	0	0	0	0	14,980	14,980
Financial assets at fair value through other comprehensive income	1,769	151	28	16,520	3,171	1,264	22,903
Hedging derivatives	0	0	0	0	0	397	397
Securities at amortized cost	268	84	168	2,015	113	0	2,649
Loans and advances to banks and similar at amortized cost	4,790	911	3,540	241	21	3	9,507
Loans and advances to customers at amortized cost	7,417	1,747	2,595	13,576	17,646	673	43,654
Revaluation differences on interest rate risk-hedged portfolios, assets	0	0	0	0	0	2	2
FINANCIAL ASSETS BY MATURITY	25,399	2,892	6,332	32,353	20,951	17,319	105,247
Central banks	0	0	0	0	0	0	0

Financial liabilities at fair value through profit or loss	1,881	0	0	0	0	94	1,975
Hedging derivatives	0	0	0	0	0	342	342
Debt securities	4,297	2,418	915	55	75	0	7,761
Amounts due to banks and similar	12,564	2,993	1,187	6,958	345	0	24,048
Amounts due to customers	60,451	2,082	1,536	945	598	0	65,613
Subordinated debt	0	1	1	3	0	0	5
Revaluation differences on interest rate risk-hedged portfolios, liabilities	0	0	0	0	0	0	0
FINANCIAL LIABILITIES BY MATURITY	79,194	7,495	3,638	7,962	1,019	435	99,744
Loan commitments given to banks	9	11	0	112	74	0	206
Loan commitments given to customers	1,384	205	518	3,005	1,813	0	6,924
TOTAL LOAN COMMITMENTS GIVEN	1,392	216	518	3,117	1,887	0	7,130
Guarantee commitments given to banks	263	153	109	41	26	2	594
Guarantee commitments given to customers	507	92	380	910	1,403	0	3,293
TOTAL GUARANTEE COMMITMENTS GIVEN	771	246	489	951	1,429	2	3,887

Liquidity reserves <i>In millions of euros</i>	12/31/2024	12/31/2023
Cash placed with central banks	9,296	14,271
LCR securities	10,387	10,397
Assets eligible for central bank funding		
TOTAL	19,682	24,668

Liquidity gap <i>In millions of euros</i>	01/01/2023 to 12/31/2024	01/01/2022 to 12/31/2023	01/01/2021 to 12/31/2022
Cash placed with central banks	1,607	6,067	5,987

EU LIQ1 – Liquidity coverage ratio (LCR)

In millions of euros

In millions of euros		Total unweighted value (average)				Total unweighted value (average)			
Quarter ending on (MM DD YYYY)		03/31/2024	06/30/2024	09/30/2024	12/31/2024	03/31/2024	06/30/2024	09/30/2024	12/31/2024
Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS (HQLA)									
	Total High-Quality Liquid Assets (HQLA)					21,392	21,388	21,440	21,426
CASH OUTFLOWS									
	Retail deposits and deposits from small business customers, o/w:	19,173	19,392	19,590	19,692	1,146	1,133	1,129	1,132
	Stable deposits	13,327	13,623	13,835	13,907	562	557	554	554
	Less stable deposits	5,846	5,769	5,755	5,785	585	577	576	579
	Unsecured deposits of corporates and financial institutions, including	38,668	40,739	42,086	44,044	21,621	22,391	23,112	24,514
	Operational deposits	4,579	4,830	4,788	4,540	1,106	1,169	1,159	1,096

	Non-operational deposits	34,089	35,909	37,298	39,504	20,515	21,221	21,953	23,418
	Unsecured debt	4,538	4,798	4,574	4,465	4,537	4,797	4,574	4,465
	Secured deposits of corporates and financial institutions								
	Additional outflows, including:	2,467	2,860	3,428	3,812	404	629	753	783
	Outflows related to derivatives and collateralized transactions (repo < 30 days)	1,220	1,589	2,178	2,635	307	527	653	690
	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
	Credit and liquidity facilities	1,246	1,272	1,250	1,177	97	102	100	94
	Other contractual funding obligations	1,954	2,131	2,203	2,177	1,937	2,114	2,203	2,177
	Other contingent funding obligations	4,077	4,205	4,957	6,020	975	1,021	1,063	1,085
	Total cash outflows					30,621	32,085	32,834	34,156
CASH INFLOWS									
	Transactions collateralized by securities (i.e., reverse repos)	2,710	3,507	4,229	4,456	2,295	3,100	3,767	4,064
	Cash inflows from loans	4,260	4,445	4,486	4,430	1,814	1,919	1,976	1,936
	Other cash inflows	8,732	9,603	10,607	11,639	8,725	9,603	10,607	11,639
	(Difference between total weighted cash inflows and total weighted cash outflows resulting from transactions in third countries subject to transfer restrictions or denominated in non-convertible currencies)								
	(Surplus inflows from a related specialized bank)								
	TOTAL CASH INFLOWS	15,791	17,636	19,398	20,555	12,923	14,702	16,425	17,670
	Cash inflows fully exempt from cap	89	81	76	30	89	81	76	30
	Cash inflows subject to the 90% cap	0	0	0	0	0	0	0	0
	Cash inflows subject to the 75% cap	15,702	17,555	19,322	20,525	12,834	14,622	16,349	17,640
TOTAL ADJUSTED VALUE									
	TOTAL HQLA					21,392	21,388	21,440	21,426
	TOTAL NET CASH OUTFLOWS					17,698	17,382	16,409	16,486
	SHORT-TERM LIQUIDITY RATIO (in %)					121%	123%	131%	130%

EU LIQ2: Net Stable Funding Ratio		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
	Capital items and instruments	6,528,428,096.31	0.00	0.00	0.00	6,528,428,096.31
	Own funds	6,528,428,096.31	0.00	0.00	0.00	6,528,428,096.31
	Other capital instruments		0.00	0.00	0.00	0.00
	Retail deposits		20,171,794,374.28	17,260,603.55	31,568,831.63	18,817,861,192.76
	Stable deposits		12,312,898,233.59	9,959,388.11	17,560,118.74	11,724,274,859.36
	Less stable deposits		7,858,896,140.69	7,301,215.44	14,008,712.89	7,093,586,333.41
	Wholesale funding:		61,089,412,050.43	1,592,046,510.24	7,633,960,758.46	22,505,214,895.08
	Operational deposits		6,484,339,753.44	0.00	0.00	427,796,716.96
	Other wholesale funding		54,605,072,296.99	1,592,046,510.24	7,633,960,758.46	22,077,418,178.12
	Interdependent liabilities		112,565,166.67	0.00	2,114,856,412.79	0.00
	Other liabilities:		1,967,464,492.81	8,466,115.13	16,800,262.71	21,033,320.28
	NSFR derivative liabilities					
	All other liabilities and capital instruments not included in the above categories		1,967,464,492.81	8,466,115.13	16,800,262.71	21,033,320.28

	Total available stable funding (ASF)				47,872,537,504.42
Required stable funding (RSF) Items					
	Total high-quality liquid assets (HQLA)				4,630,172,661.57
	Assets encumbered for a residual maturity of one year or more in a cover pool	0.00	0.00	0.00	0.00
	Deposits held at other financial institutions for operational purposes	0.00	0.00	0.00	0.00
	Performing loans and securities:	12,336,537,315.12	2,705,648,833.89	36,883,337,344.88	32,966,614,716.89
	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	162,286,097.13	245,659,685.57	26,711,787.11	150,992,921.75
	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	8,590,053,700.61	682,331,337.48	1,962,723,157.76	3,023,832,019.01
	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:	2,558,013,818.90	1,273,572,424.41	23,087,125,625.46	26,307,606,880.81
	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	532,134,109.05	391,432,102.83	10,162,823,165.97	13,867,939,774.52
	Performing residential mortgages, of which:	518,146,384.41	414,762,080.28	8,059,126,674.29	0.00
	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	518,146,384.41	414,762,080.28	8,059,126,674.29	0.00
	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products	508,037,314.07	89,323,306.15	3,747,650,100.26	3,484,182,895.33
	Interdependent assets	112,565,166.67	0.00	2,114,856,412.79	0.00
	Other assets:	1,660,322,798.05	1,362,832.41	6,951,561,524.64	6,998,095,972.02
	Physical traded commodities				0.00
	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	0.00	0.00	0.00	0.00
	NSFR derivative assets	0.00			0.00
	NSFR derivative liabilities before deduction of variation margin posted	914,466,643.00			45,723,332.15
	All other assets not included in the above categories	745,856,155.05	1,362,832.41	6,951,561,524.64	6,952,372,639.87
	Off-balance sheet items	4,178,611,464.09	0.00	5,324,350,150.96	411,487,978.07
	Total RSF				45,006,371,328.56
	Net Stable Funding Ratio (%)				106.37%

Remuneration awarded in respect of the 2024 fiscal year - Table REM1 Award in respect of the 2023 fiscal year - excluding employer contributions - in €		Management body Supervisory function	Management body Management function	Other members of Executive Management	Other identified staff members	Total
Fixed remuneration	Number of staff identified	21	2	15	103	141
	Total fixed remuneration	€1,020,114	€1,086,000	€2,803,000	€11,688,471	€16,597,586
	<i>o/w in cash</i>	€1,020,114	€1,086,000	€2,803,000	€11,688,471	€16,597,586
	<i>o/w in shares or equivalent property rights</i>	€0	€0	€0	€0	€0
	<i>o/w in linked instruments</i>	€0	€0	€0	€0	€0
	<i>o/w in other instruments</i>	€0	€0	€0	€0	€0
	<i>o/w in other forms</i>	€0	€0	€0	€0	€0
Variable remuneration	Number of staff identified	0	2	14	94	110
	Total variable remuneration	€0	€1,105,552	€1,337,264	€6,839,842	€9,282,658
	<i>o/w in cash</i>	€0	€473,000	€668,000	€3,832,842	€4,973,842
	<i>o/w deferred</i>	€0	€0	€0	€0	€0
	<i>o/w in shares or equivalent property rights</i>	€0	€0	€0	€0	€0
	<i>o/w deferred</i>	€0	€0	€0	€0	€0
	<i>o/w in linked instruments</i>	€0	€473,000	€484,000	€3,007,000	€3,964,000
	<i>o/w deferred</i>	€0	€460,000	€387,200	€2,405,600	€3,252,800
	<i>o/w in other instruments</i>	€0	€159,552	€0	€0	€159,552
	<i>o/w deferred</i>	€0	€159,552	€0	€0	€159,552
	<i>o/w in other forms</i>	€0	€0	€185,264	€0	€185,264
	<i>o/w deferred</i>	€0	€0	€0	€0	€0
Total remuneration		€1,020,114	€2,191,552	€4,140,264	€18,528,313	€25,880,244

Amounts paid in respect of new hires and terminations during the 2024 fiscal year - Table REM2 Amounts in € - excluding employer contributions		Management body Supervisory function	Management body Management function	Other members of Executive Management	Other identified staff members	Total
Special payments	Guaranteed variable remuneration awarded in 2024					
	Number of risk taker employees who received guaranteed variable remuneration in 2024 when they were hired	0	0	0	0	0
	Amount of guaranteed variable remuneration awarded in 2024 on recruitment of a risk taker	€0	€0	€0	€0	€0
	o/w guaranteed variable remuneration which was paid in 2024 and not taken into account in the bonus cap	€0	€0	€0	€0	€0
	Severance pay awarded in previous years and paid in 2024					
	Number of employees who received severance pay in 2024 in respect of fiscal years prior to 2024	0	0	0	0	0
	Amount of severance pay awarded before 2024 and paid in 2024	€0	€0	€0	€0	€0
	Severance pay awarded in 2024					
	Number of employees who received severance pay awarded in 2024	0	0	1	0	1
	Amount of severance pay awarded in 2024	€0	€0	€185,264	€0	€185,264
	o/w amount paid in 2024	€0	€0	€185,264	€0	€185,264
	o/w deferred amount	€0	€0	€0	€0	€0
	o/w severance payments made in 2024 that are not included in the bonus cap	€0	€0	€0	€0	€0
	o/w the highest amount awarded to a single person	€0	€0	€185,264	€0	€185,264

Variable remuneration withheld and deferred - Table REM3	Total amount of deferred remuneration awarded in respect of fiscal years prior to 2024 (before any reductions) in grant value	o/w amount vested in 2024 at grant value	o/w amount not vested in 2024 (to vest in subsequent fiscal years) in grant value	Amount of explicit reductions made in 2024 on deferred variable remuneration that should be vested in 2024	Amount of explicit reductions made in 2024 on deferred variable remuneration that should be vested in subsequent fiscal years	Total amount of implicit <i>ex-post</i> adjustments: difference between the payment and grant value (after any reduction) of fractions of variable portions awarded in respect of fiscal years prior to 2024 and paid in 2024	Total amount of deferred remuneration awarded in respect of fiscal years prior to 2024 and paid in 2024 (after any reductions) in payment value	Total amount of deferred remuneration awarded in respect of fiscal years prior to 2024 that vest but is subject to a holding period
Amounts in € - excluding employer contributions -								
Management body - Supervisory function	€0	€0	€0	€0	€0	€0	€0	€0
In cash	€0	€0	€0	€0	€0	€0	€0	€0
Equities or equivalent property rights	€0	€0	€0	€0	€0	€0	€0	€0
Related instruments	€0	€0	€0	€0	€0	€0	€0	€0
Other instruments	€0	€0	€0	€0	€0	€0	€0	€0
Other forms	€0	€0	€0	€0	€0	€0	€0	€0
Management body - Management function	€1,649,763	€423,333	€1,226,430	€0	€0	€85,316	€510,649	€12,000
In cash	€0	€0	€0	€0	€0	€0	€0	€0
Equities or equivalent property rights	€0	€0	€0	€0	€0	€0	€0	€0
Related instruments	€1,649,763	€423,333	€1,226,430	€0	€0	€85,316	€510,649	€12,000
Other instruments	€0	€0	€0	€0	€0	€0	€0	€0
Other forms	€0	€0	€0	€0	€0	€0	€0	€0
Other members of Executive Management	€1,614,600	€487,420	€1,127,180	€0	€0	€81,516	€567,016	€135,420
In cash	€0	€0	€0	€0	€0	€0	€0	€0
Equities or equivalent property rights	€0	€0	€0	€0	€0	€0	€0	€0
Related instruments	€1,614,600	€487,420	€1,127,180	€0	€0	€81,516	€567,016	€135,420
Other instruments	€0	€0	€0	€0	€0	€0	€0	€0
Other forms	€0	€0	€0	€0	€0	€0	€0	€0
Other identified staff members	€7,749,348	€2,230,373	€5,518,975	€0	€0	€329,686	€2,669,022	€569,952
In cash	€0	€0	€0	€0	€0	€0	€0	€0
Equities or equivalent property rights	€0	€0	€0	€0	€0	€0	€0	€0
Related instruments	€7,749,348	€2,230,373	€5,518,975	€0	€0	€329,686	€2,669,022	€569,952
Other instruments	€0	€0	€0	€0	€0	€0	€0	€0
Other forms	€0	€0	€0	€0	€0	€0	€0	€0
Total	€11,013,711	€3,141,126	€7,872,585	€0	€0	€496,519	€3,746,688	€717,372

Award in respect of the 2024 fiscal year - excluding employer contributions - REM 5 Amounts in €	Management body - Executive	Management body - Supervisory	Management body as a whole	Investment Banking	Retail Banking	Asset Management	Transversal functions	Independent control function	Other	Total
Number of staff identified										141
<i>o/w members of the management body</i>	2	21	23							
<i>o/w other members of Executive Management</i>				0	3	0	12	0	0	
<i>o/w other identified staff members</i>				59	12	0	19	13	0	
Total remuneration	€2,191,552	€1,020,114	€3,211,666	€10,926,338	€2,932,480	€0	€5,999,785	€2,809,974	€0	
<i>o/w variable remuneration</i>	€1,105,552	€0	€1,105,552	€5,040,500	€788,106	€0	€1,559,000	€789,500	€0	
<i>o/w fixed remuneration</i>	€1,086,000	€1,020,114	€2,106,114	€5,885,838	€2,144,374	€0	€4,440,785	€2,020,474	€0	

7. OPERATIONAL RISKS

Operational risk is defined by the regulations as the risk of losses resulting from the inadequacy or failure of processes, people 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, internal and external fraud risks as defined by the regulations, and model risk.

7.1 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 division.

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 division. Within BRED Group, the system is overseen by the Operational Risk division. This department is responsible for identifying and monitoring operational risks, in particular through the collection of incidents and operational risk mapping, as well as for coordinating the operational risk control system, in particular by monitoring predictive risk indicators and implementing corrective actions.

The Operational Risk division performs its duties through a decentralized 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.

The Operational Risk division manages and provides training to its operational risk officers, who report to it on a functional basis.

Through its actions and organization, the institution's operational risk management function contributes to financial performance and loss reduction by ensuring that the institution's operational risk management system is reliable and effective.

7.2 Measurement and monitoring of operational risks

The operational risk management system is part of the Risk Assessment Framework (RAF) defined by Groupe BPCE. These systems and indicators are set out across each institution and subsidiary of Groupe BPCE.

BRED's operational risk measurement and monitoring system is based on the application of Groupe BPCE standards and a dedicated tool for collecting operational risk incidents.

This tool aims to meet regulatory requirements, evaluate the capacity for resistance to unfavorable macroeconomic trends, notably in the framework of the stress tests carried out by BPCE, and reinforce the role of the operational risk function through a more defined forward vision.

This system is organized in the form of internal procedures that are updated by the Operational Risk division. Capital requirements for operational risk are calculated using the Basel II standardized approach.

The missions of the operational risk function within our institution are as follows:

- identifying operational risks;
- mapping these risks by process and updating the map, in collaboration with the relevant business lines;
- collecting and consolidating operational incidents and assessing their impacts, in coordination with the business lines;
- the monitoring of predictive risk indicators to manage, in coordination with the business lines, certain identified risks;
- monitoring the corrective action plans defined and implemented by the relevant operational units in the event of a notable or significant incident or when an indicator that predicts risk crosses a threshold.

7.2.1 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. For a given scope, it allows the Group to measure its exposure to risks for the year ahead.

This mapping is carried out and updated periodically, to take account of business and environment trends, as well as organizational 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 modelers of Groupe BPCE. Mapping enables the forward-looking identification and measurement of high-risk processes.

For a given scope, it allows the Group to measure its exposure to risks for the year ahead. This exposure is then assessed and validated by the relevant committees in order to launch action plans aimed at reducing exposure as needed.

The mapping scope includes emerging risks, risks related to information and communication technologies and security, including cyber-risks, risks related to service providers and non-compliance risks.

Lastly, Groupe BPCE applies the Basel II standard method for calculating capital requirements. In this respect, Corep regulatory reports are produced.

7.2.2 Collection of losses and incidents

Loss and incident data is gathered and input into the dedicated application by the operational risk officers within BRED Group's operational departments and subsidiaries.

The entries are validated by the Operational Risk division, which checks the consistency and quality of the data.

7.2.3 Organization of permanent controls

For the 2024 fiscal 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.

In addition, the Governance and Risk Control team within the Group Risk division provides second-level permanent control of the operational risk management function at Group level.

7.3 Cost of institutional risk on operational risks

At December 31, 2024, the annual amount recognized for BRED Group's net losses and provisions for Operational Risk amounted to €13.03 million, which includes:

- €7.37 million for operational risk incidents and €5.66 million for "Credit frontier" incidents;
- €12.9 million in losses and €0.12 million in net provisions (additions - reversals).

7.4 Work carried out in 2024

Incidents

For BRED Group (subsidiaries and ownership interests), 35,464 incidents were collected in the incident collection tool, including 32,570 for BRED SA.

They mainly fall into the following Basel categories:

- 25,554 in the Attempted External Fraud category;
- 7,073 in the External Fraud category;
- 2,008 in the Execution, Delivery and Process Management category;

Corrective Actions

24 Corrective Actions were created for BRED SA.

13 Corrective Actions were created for Subsidiaries and ownership interests.

18 Corrective Actions were completed during the period (11 for BRED SA and 7 for subsidiaries).

Key Risk Indicators (KRI)

126 KRIs were monitored over the year, 30 for BRED SA and 96 for Subsidiaries

Mapping

24 mapping exercises were carried out: BRED SA and 23 subsidiaries and equity interests.

In addition, ORM's actions focused in particular on:

- harmonizing the mapping of subsidiaries according to a common base of risk situations and, where applicable, by creating local risk situations to cover their characteristics;
- the review of the "extreme scenario" of certain processes mapped on the capital markets and subsidiaries in coordination with the Businesses;
- expert assessment of "climate" risks, including by updating the occurrences of climate events over a 10-year period for the entities in the geographic areas concerned;
- carrying out the risk assessment of providers of critical or important services or outsourced banking services for BRED SA and critical or important services for the subsidiaries;
- the integration of Group essential critical or important service provider risks in the BRED SA mapping;
- improving the completeness of IT-related incident collection and their measurement;
- implementing corrective actions based on the level defined by the Risk Management System (RMS) as assessed during the OR mapping;
- raising the awareness of the teams in the Commitments, Legal Affairs and Corporate department, and the Fund Administration department;
- introducing a reconciliation between the claims paid by the insurance companies and incident reports as part of the process of ensuring incident completeness;
- monitoring the roll-out of key risk indicators within BRED SA in the IT scope, in line with BPCE's progress and the roll-out of the Application Unavailability KRI on EPBF and PROMEPAR;
- the implementation of corrective actions in conjunction with the External Fraud department;
- the review of Key Risk Indicators (KRIs) for BRED SA;
- work related to the integration of the new Madagascar subsidiary into BRED Group.

8. NON-COMPLIANCE RISKS

The Compliance department, “Compliance Verification function” defined by the EBA and included in the Ministerial Order of November 3, 2014, amended by the Ministerial Order of February 25, 2021, is responsible for the prevention, detection, measurement and monitoring of non-compliance risks to ensure their control.

The Compliance department carries out all actions designed to strengthen the compliance of products, services and marketing processes, customer protection, compliance with ethical rules, the fight against money laundering and the financing of terrorism, the fight against market abuse, the monitoring of transactions and compliance with sanctions and embargoes. It monitors non-compliance risks throughout the Group.

In this context, it builds and reviews BRED Group’s policies and procedures, shares best practices and coordinates working groups composed of business line and function representatives.

The dissemination of the culture of compliance and consideration of the legitimate interests of customers is also reflected in the training of employees in the business lines and the awareness-raising of other BRED departments.

8.1 Compliance organizational structure

Previously reporting to the Director of Risk, Compliance and Permanent Control (DRCCP), who reports directly to the Chief Executive Officer of BRED Group, since January 1, 2024, Compliance has reported to the General Secretary, who also acts as Deputy CEO.

In order to respond to these various tasks, BRED Compliance is organized around two departments, which are in turn divided into offices or units of expertise:

- Banking and Insurance Compliance (Bancassurance);
- Investment Services Compliance;
- Ethics, anti-corruption and internal fraud;
- Financial Security, which includes oversight of AML/CFT (Anti-Money Laundering and Combating the Financing of Terrorism) and compliance with international sanctions (embargos and freezing of assets);
- Supervision of subsidiaries.

8.1.1 The Banking & Insurance Compliance and Investment Services Compliance Offices

The mission of these offices is to prevent non-compliance risks with laws, regulations or professional standards, in the scope of banking, insurance and financial savings activities.

Paying particular attention to all issues relating to compliance with customer protection rules, these two offices participate in the implementation of regulatory changes and the creation of products that are new and/or have an impact on the methods of marketing the products and services under their scopes. They also provide employee training and monitor the compliance systems deployed within the institutions.

In Investment Services Compliance, a team of experts is responsible for issues relating to the protection of financial markets and more specifically the supervision of systems for investigating potential market abuse, monitoring barriers to information, producing transaction reports to the supervisory authorities, etc.

As the BRED RCSI is also the RCSI and RCCI of some Group subsidiaries, a team ensures the deployment and supervision of the compliance and control systems for some of them.

8.1.2 Ethics, anti-corruption and the fight against internal fraud

Ethics

The Ethics unit oversees all the rules and duties governing the conduct of BRED employees. Banking and financial activities require careful attention to the definition and observance of strict ethical standards based on a set of individual and collective rules of conduct determined in accordance with laws, regulations and professional standards and which apply to the day-to-day conduct of every employee.

In order to ensure compliance with these rules, the ethics team is responsible for setting up information barriers and keeping them operational and managing potential or actual conflict situations to which BRED is exposed. It is responsible for authorizing or refusing the acceptance or offering of gifts, invitations or benefits in a professional context and for making all employees aware of the ethical rules laid down by the group.

It also acts as the hub of the whistleblowing system, which is used to collect all reports of serious breaches of ethical rules, regulations or legislation.

Combating corruption

In accordance with the SAPIN II Law and Groupe BPCE's anti-corruption measures, BRED has implemented a system aimed at preventing any risks of unethical actions and violations of regulatory obligations. To this end, the following have been put in place:

- a Code of Conduct, included in the internal rules;
- a mapping of the corruption risks to which BRED is exposed;
- an assessment system for the integrity of third parties (drawing up "Know Your Supplier" (KYS) forms, standardized contracts and account agreements containing anti-corruption clauses);
- employee training for corruption risks and training for the most exposed employees in the form of both e-learning and classroom training;
- the establishment of accounting control procedures;
- a disciplinary regime applicable in the event of breaches of the Code of Conduct;
- 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 2022 to afford greater protection to whistle-blowers in accordance with the provisions of the Wasserman Law.

Fighting against internal fraud

Internal fraud is defined as an intentional act that is contrary to the interests of the company and its customers and likely to cause them direct or indirect harm, which constitutes a violation of the provisions of law, professional rules or an internal standard, with a view to obtaining a benefit.

The Internal Anti-Fraud (LAFI) unit acts mainly through the prevention and detection of fraud and internal breaches, the processing of alerts and the investigation of cases of fraud or suspected breaches and the updating of the detailed internal fraud risk mapping adapted to the institution.

8.1.3 Departments in charge of Financial Security

- The AML/CFT Governance Office is responsible for drafting, updating and, when necessary, adapting Financial Security procedures to the specific conditions of activities. The experts of this office support the business lines and subsidiaries in the adaptation and implementation of Financial Security measures and issue opinions on potential and current relationships as well as transactions that present financial security risks;
- the Combating Money Laundering and Financing of Terrorism Office is responsible for the detection and investigation process. It handles inquiries made by the network and AML/CFT alerts and international sanctions on customers and transactions, including Trade Finance and correspondence transactions, until the reports are sent to the competent authorities;
- the Governance and Projects Office manages projects to develop or upgrade tools with the support of experts from the other units and offices in the department. It also contributes on behalf of Compliance to the Bank's projects;
- the Subsidiary Compliance Office ensures that the subsidiaries comply with the framework imposed by the parent company (based on the French and EU regulatory framework and Groupe BPCE standards) while respecting local regulations. To achieve this, this department maintains a close relationship with all Groupe BRED subsidiaries in order to coordinate and monitor compliance issues. In particular, it is responsible for drafting and checking the proper application of the guidelines defining BRED Group's compliance policy within the subsidiaries.

8.2 Systems monitoring and control

8.2.1 Risk monitoring

Non-compliance risks, in accordance with the Ministerial Order of November 3, 2014, as amended on February 25, 2021, are analyzed, measured, monitored and controlled by BRED 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 largest risks, if necessary, are subject to controls and action plans aimed at supervising them more effectively.

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.

8.2.2 Customer protection and employee training

The compliance of products and services marketed as well as the quality of information provided are central to BRED's strategy and its cooperative model, which aims to align the interests between customers and the company.

To maintain this trust, the compliance function places the concept of customer protection at the heart of its activities.

To that end, Group employees regularly receive training on customer protection issues to maintain the required level of customer service quality. These training sessions are aimed at promoting awareness of compliance and customer protection among new hires and/or sales network employees.

As a result, BRED has set up a mandatory regulatory training system that is reviewed annually and includes a dedicated ethics training program.

In addition, BRED has put in place a code of good conduct and ethics, which has been deployed in all its subsidiaries and makes it possible to define the institution's pillars in this area:

- customer interest;
- financial security;
- market integrity;
- management of conflicts of interest;
- professional ethics;
- prevention of corruption and influence peddling; and
- protection of the Group.

The new regulations relating to markets in financial instruments (MiFID2) and PRIIPs (packaged retail investment and insurance-based products) strengthen investor protection and market transparency. Similarly, Regulation (EU) 2019/2088, known as Sustainable Disclosure (SFDR), makes it possible to integrate customer sustainability preferences into product advice and governance.

8.2.3 Product governance and supervision

All new products or services, regardless of their distribution channel, as well as all sales materials coming under the purview of the Compliance department's expertise, are reviewed beforehand by the Compliance function. It ensures that the applicable regulatory requirements are met and ensures that the information provided to the targeted customers and, more broadly, to the public, is clear, accurate and not misleading. Throughout the life of the product, through the Governance and Oversight Committees dedicated to each product range, the Compliance department continuously monitors the product to ensure that the interests, objectives and characteristics of the customer continue to be duly taken into account.

The oversight mechanism for each product is adapted to the corresponding level of risk.

In addition, the Compliance department participates in the review of sales activities, ensures that conflicts of interest are managed and that the priority of customer interests is taken into account.

The department takes particular care to ensure that sales procedures and processes, as well as commercial policies guarantee that compliance and ethical rules are observed at all times and for all customer segments, and in particular that the advice provided to customers is appropriate to their needs.

8.2.4 Financial security

The Financial Security system is based on international AML/CFT standards, French and European laws and regulations, as well as Groupe BPCE policies. It consists of procedures relating, in particular:

- to risk assessment, including the assessment of risks presented by countries, new products and new activities;
- to customer identification and knowledge (KYC);
- to the monitoring of transactions for AML/CFT purposes, to compliance with asset embargoes and freezes, and to rules governing the transparency of fund transfers;
- to an enhanced review and to the reporting of suspicious transactions and activities to the Financial Intelligence Unit (TRACFIN for France);
- to documentation, archiving and record keeping and information sharing.

When necessary, these procedures are rolled out and adapted to the specificities of the Bank's various activities and to the local obligations specific to BRED Group entities located outside France.

In addition to the procedures, BRED has the resources to detect atypical transactions adapted to its risk classification, which allows, if necessary, for the performance of enhanced reviews and the necessary declarations to the competent Financial Intelligence Unit as soon as possible.

As regards compliance with restrictive measures related to international sanctions, BRED has tools at its disposal to screen customer databases (in particular with regard to the asset freezing measures to which certain persons or entities are subject) and filter international flows (with regard to the said asset-freezing measures and the sanctions measures targeting countries subject to a European and/or US embargo). Furthermore, this system is deployed across all BRED Group subsidiaries.

The available IT tools are supplemented by the human vigilance of BRED employees, which remains essential and central in the detection of anomalies and the processing of alerts. All employees exposed to Financial Security risks are regularly trained and informed of changes as they arise.

Lastly, BRED has set up a management, control and supervision process to alert managers, decision-making bodies or the central institution, depending on the importance of the incident or breach observed or the financial security risks, and monitor the response provided by BRED to mitigate or remedy them.

This system is constantly evolving to remain relevant to risks and improve its effectiveness.

8.2.5 Permanent controls on non-compliance risks

BRED has determined second-level permanent controls and the control reference standards to be integrated within the annual programs. These controls are conducted by the Compliance teams or by the controllers of the Permanent Control department. The results of first- and second-level controls may give rise to the issuance of recommendations when malfunctions are identified or, if necessary, the adaptation of the systems in place. In this case, monitoring and support for the effective implementation of corrective actions must be undertaken.

The findings of periodic controls are then used to coordinate the Compliance function, process mapping and action and control plans.

8.2.6 Supervision of BRED subsidiaries

The "Subsidiary Compliance" unit supervises BRED Group's French and international subsidiaries through the establishment of a strong functional link between BRED Compliance and local compliance officers.

The supervision process is based on the implementation of BRED Group standards, along with the evaluation of all existing and planned compliance systems. It is accompanied by close, regular monitoring, which is formalized through an annual control and action plan, as well as regular assessment reviews that are reported to the Compliance Committee.

8.3 Highlights 2024

Financial Security

On June 27, 2024, the ACPR Sanctions Committee issued a severe reprimand with a financial penalty of €2.5 million. This Sanction upheld three of the four complaints presented, namely: (1) the system for configuring the automated tool for monitoring and detecting atypical transactions had four shortcomings that were detrimental to its effectiveness; (2) BRED did not comply with its obligation to carry out an enhanced review in four cases (grievance based on two cases because two cases were dismissed) and (3) of the 73 cases examined by the auditors, 24 presented a lack of initial DS (5 cases dismissed) and 6 a lack of additional DS.

Before the sanction was issued, BRED had initiated work to respond to the observations of the inspectors and thus remedy the shortcomings identified. This work covers the following topics:

- the formalization of certain procedures, including the classification of risks or the updating thereof and the implementation of internal processes;
- the improvement of the functionalities of KYC and rating, screening and filtering tools and the implementation of new scenarios in the transaction monitoring tool;
- the strengthening of the management of subsidiaries and permanent control in terms of Financial Security;
- improved monitoring of Financial Security training.

The remediation plan continued throughout 2024 and will continue in 2025.

The special system that had been put in place at BRED at the start of the Russia-Ukraine conflict continued to be applied in 2024. It has demonstrated its robustness, effectiveness and adaptability to the range of measures adopted against Russia and Belarus.

Customer protection

The deployment of Groupe BPCE standards and methods enabled work to continue on the DRC, beneficial owners and customer protection (particularly banking inclusion).

In addition, in accordance with its commitments to its supervisory authorities, BRED has continued to strengthen its mechanisms for inclusion and banking fees as well as investment advice. This last project will continue in 2025, in particular with respect to the continuity of the Sustainable Finance Program initiated in 2023, in conjunction with Groupe BPCE and the subsidiaries of BRED Group, following on the European SFDR regulation.

BRED subsidiaries

For the non-French subsidiaries, the action plans relating to the remediation of customer knowledge files were improved in 2024. The source for calculating the completeness of cases has been modified to better identify cases that remain incomplete and to implement more relevant remediation plans.

Market monitoring

Market monitoring systems, through the identification and investigation of market abuse alerts as well as the monitoring of communications, were improved in 2024 with the implementation of new tools.

The project relating to the EMIR-REFIT 2 regulations that was launched at BRED to comply with the new transaction requirements that came into force in April 2024 has been finalized.

At the same time, BRED set up the MMSR (Money Market Statistical Reporting) system for which BRED had been chosen by the ECB as the reporting bank on the panel.

Conduct and ethics

In 2024, the ETIC ethics tool was rolled out to all of BRED Group's French-speaking subsidiaries.

The implementation of the tool is part of the regulatory obligations of each employee to:

- confirm his/her obligations as a Person Exposed to Inside and Confidential Information;
- declare gifts, benefits and invitations received or offered in a business context;
- declare his/her external interests involving parties outside of BRED.

The tool also enables subsidiaries to facilitate the maintenance and monitoring of existing ethics procedures such as keeping the register of potential or proven conflicts of interest and the management of watchdog and ban lists.

More generally, the Compliance department continued its actions to improve its structure, processes and tools, with the constant objective of increasing its efficiency so that it can handle regulatory changes and the expectations of supervisors.

9. PERSONAL DATA PROTECTION

9.1 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; minimization; security; and limited retention period of data.

The Data Protection department operates within the scope of BRED SA and of 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 organized 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.

9.2 Organization of controls

The level 1 and level 2 permanent control systems have been deployed for BRED SA since 2022 and were deployed for all European subsidiaries in 2023.

At the end of 2024, BRED's register of processing operations contained 149 operations, which is 2% more than in 2023.

In 2024, BRED deployed the EQS Privacy application to manage its processing register. On this occasion, 100% of the processing operations were reviewed by the business line officers and validated by the DPO.

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 are used to populate the BRED risk map.

9.3 Highlights 2024

In 2023, efforts to oversee and manage data protection activities continued, with regular training cycles for all new Personal Data Protection Officers (PDPOs) appointed by business units, for the subsidiaries' data protection correspondents and for IT department project managers.

This year, all personal data protection officers were trained in the use of the new registry management application called EQS Privacy.

With this network of data protection officers within the business lines, and the IT department's strong involvement in the area of Privacy by Design, BRED is fully committed to a sound approach that respects the protection of personal data for its customers, employees and all third parties it interacts with.

The IT program to delete data in applications continued, and now almost all BRED applications have been adapted to allow automatic deletion of data at the end of the retention period set by the business lines.

It should be noted that five applications in the loan and credit domain that had been processed as a priority at the start of the program are currently undergoing additional work involving a purge on top of the interim and final archiving previously carried out. Two of these applications are in production with an inventory purge in progress and the last three will be delivered in the first quarter of 2025.

Among the applications initially identified, one is in the process of being approved, two others de-prioritized in 2024 are in the 2025 plan and two others are undergoing additional purges.

In summary, therefore, we have five applications still to be processed out of the 207 initially identified, a completion rate of 98%.

Privacy Impact Assessments (PIAs) were conducted on all processing operations that presented a significant risk to the individuals concerned. In 2024, four new processing operations underwent PIAs.

For the European subsidiaries, the focus was on the finalization of the processing register and the deployment of a new first-level control plan.

10. SECURITY RISKS AND OPERATIONAL RESILIENCE

10.1 Business continuity

Business continuity risk is approached from a cross-business perspective, with analysis of the main critical business lines, including liquidity, payment services, securities, retail and corporate lending, and fiduciary services.

10.1.1 Organization and management

Groupe BPCE's BCP/EBCP is organized by function and coordinated by the Group business continuity function, within the Group Security department of the Group Corporate Secretary's office.

Groupe BPCE's Business Continuity Manager (RCA-G) is responsible for:

- managing Group business continuity and coordinating the Group Business Continuity function;
- coordinating the Group's crisis management;
- managing the implementation of the Group Contingency and Business Continuity Plans (CBCPs) and keeping them operational;
- ensuring compliance with regulatory provisions governing business continuity;
- participating in the Group's internal and external bodies.

Improvement projects continued with the following in common:

- strengthen of processes and strengthening systems;
- compliance with European texts on operational resilience.

The Business Continuity Managers (RPCA or RPUPA) of Group institutions report functionally to the Group RCA, who is notified of RPCA/RPUPA appointments.

BRED's business continuity reference framework was developed and validated by BRED's Business Continuity Plan Steering Committee on December 31, 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.
- Group Business Continuity defines, implements and, where necessary, changes the Group business continuity policy.

Organizational structure in place to ensure business continuity

BRED's Business Continuity Manager (RPCA) has the following missions:

- overseeing the Business Continuity Management System (BCMS), in conjunction with Groupe BPCE;
- identifying and coordinating the network of BCP Officers (BCPs);
- defining the crisis management system for dealing with a major incident;
- identifying the essential activities in conjunction with business line managers;
- considering the continuity needs expressed by the business lines through Business Impact Assessments (BIA);
- overseeing the updating of the business continuity plans of BRED's business lines;
- ensuring the operational maintenance (OM) of all business continuity plans, documentation and solutions;
- drawing up and coordinating a yearly program of BCP testing and crisis management exercises;
- in collaboration with HR, providing training and raising awareness in business continuity and crisis management for all staff;
- monitoring developments in regulations and best practices;
- organizing and coordinating Committees relating to Business Continuity. Participating in internal or external committees or bodies;
- meeting internal and external reporting requirements regarding BRED's BCP;
- monitoring the BCP;
- performing level 1 and level 2 permanent controls;
- ensuring that recommendations issued by the internal and external audit function are implemented.

10.1.2 Work carried out in 2024

Groupe BPCE is actively monitoring a range of crises, the number of which has increased significantly this year.

At the same time, it has been working to adjust its permanent control system and to test the robustness of its crisis management system through regular exercises.

BRED Group's entire BCP was reviewed and updated in 2023 through the group-wide BIA (Business Impact Assessment) campaign. The continuity response was then adapted based on the needs expressed by the business lines.

The annual business continuity supervision campaign for essential, critical or important service providers was rolled out in accordance with Groupe BPCE's requirements.

User fall-back tests were carried out for all critical activities identified during three sessions organized at the fall-back sites. An initial global transition exercise as part of the business recovery plan was successfully conducted in 2024 by Information Systems department (ISD) teams.

The continuity systems of all BRED Group subsidiaries was assessed using the tools provided by Groupe BPCE. Action plans were then sent to each subsidiary representative to ensure continuity is part of a continuous improvement process for the Group.

Cyber crisis simulation exercises were carried out in some of the Group's subsidiaries to test the reaction of the members of the various Crisis Units.

For the Olympic and Paralympic Games, an exceptional security and continuity system was put in place between January and September 2024 at Groupe BPCE and BRED Group level.

10.2 Information systems security

10.2.1 Organization and management of information systems security

The Group Security department (DS-G) is responsible for information systems security (ISS) and combating cybercrime. It defines, implements and updates the Group's information systems security policies. It provides continuous and consolidated oversight of information system security, along with technical and regulatory oversight. It initiates and coordinates Group projects aimed at reducing risks in its field. It also represents Groupe BPCE *vis-à-vis* banking industry groups and public authorities.

Groupe BPCE has established a groupwide ISS function. It brings together the Head of Group Information Systems Security (RSSI-G), who leads this network, and Heads of ISS for all Group entities.

The department defines, implements and develops the Group ISS policy (ISSP-G).

The DSG:

- coordinates the ISS function, bringing together the Information Systems Security Officers (RSSIs) of parent company affiliates, subsidiaries and IT EIGs;
- oversees the level 2 permanent control system and the consolidated control of the ISS function;
- initiates and coordinates Group risk reduction projects; and
- represents the Group in dealings with interbanking bodies and public authorities on matters related to its field.

Since March 2020, BPCE-IT's Governance, Risk and Second-Level Controls activity has been transferred to DSG:

- the BPCE-IT ISS governance activity is now the responsibility of Group ISS;
- the Risks and Security Controls activity is carried out within a new entity reporting to the Group Security department.

In March 2022, as part of Groupe BPCE's strategic plan, creation of a service center as an integral part of DSG BPCE. The DSG IT control teams and the GFS TRM (Global Financial Services Technology Risks Management) cross-functional teams are grouped within this service center.

BRED Group's RSSI and, more broadly, all parent company affiliates, direct subsidiaries and IT EIGs report functionally to Groupe BPCE RSSI. 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;
- a report is sent to the Group RSSI on institutions' level of compliance with the Group ISS policy, ISS permanent controls, the ISS risk level, the main ISS incidents and the actions taken.

At BRED Group level, all entities have an Information System Security function. All of these parties report directly and functionally to BRED Group's RSSI. He/she is in charge of the ISS, Business Continuity and External Fraud department (excluding electronic banking) under the responsibility of the Head of Risk, Protection and Control (DRPC). The responsibilities of the main players involved in the ISS policy, their rights and duties are defined in ISS roles and responsibilities sheets.

10.2.2 Information System Security Risk monitoring

As a result of its digital transformation, the Group's information systems are becoming increasingly open to the outside world (cloud computing, big data, etc.). Many of its processes are gradually going digital. Employees and customers are also increasingly using the internet and interconnected technologies such as tablets, smartphones and applications on tablets and mobile devices.

As a result, the Group's assets are increasingly exposed to cyber threats. The targets of these attacks are much broader than the information systems alone. They aim to exploit the potential vulnerabilities and weaknesses of customers, employees, business processes, information systems and security mechanisms at Group buildings and data centers.

A unified group Security Operation Center (SOC), including a level 1, operating 24 hours a day, is operational.

BRED Group has also set up a Security Operation Center (SOC) whose missions are equivalent to those of BPCE. This BRED Group SOC was deployed in 2023 and is now fully operational, thus strengthening the detection of atypical flows and events within the information systems (detection of cyberattacks).

In order to strengthen the systems to combat cybercrime, several actions were conducted:

- security work on externally hosted websites;
- enhanced website and application security testing capabilities;
- implementation of a Responsible Vulnerability Disclosure program by Groupe BPCE CERT.

At the BRED level, actions were carried out, in particular:

- IS robustness test campaigns (Pentests, Redteam, Bug Bounty, etc.);
- a global security audit of the new WERO market platform.

The Information Systems Security policy is defined at group level (ISSP-G) under the responsibility and guidance of BRED Group RSSI. The main objective of the ISSP-G is to control and manage the risks associated with Information Systems, to preserve and increase the Group's performance, to strengthen the trust of its customers and partners and to ensure the compliance of its actions in accordance with national and international laws and regulations.

The ISSP-G is a minimum framework with which each institution must comply. This minimum security base may be reinforced by additional requirements according to use cases and needs of the entities.

In addition, each BRED Group entity has carried out an assessment of its compliance with this security policy since 2021. Groupe BPCE's policy is applied in full by all BRED Group entities (excluding scopes not affected).

10.2.3 Raising employee awareness of cybersecurity

In addition to maintaining the Group's common foundation for raising awareness of ISS, the year was marked by the continuation of phishing awareness campaigns and by the renewal of participation in "European Cybersecurity Month".

Within the scope of BPCE SA, in addition to recurring reviews of applications permissions and rights to information system resources (mailing lists, shared mailboxes, shared files, etc.) the monitoring of all websites published on the internet and the oversight of vulnerability handling plans have been strengthened, as well as the monitoring of the risk of data leakage by email and the use of online storage and exchange services.

At BRED Group level, additional awareness campaigns for employees were carried out in 2024. These included:

- four phishing test campaigns at Group level combined with targeted phishing campaigns;
- in-person thematic awareness-raising sessions for several populations;
- the dissemination of several information messages and warnings (notably *via* the sending of newsletters and communications) in the context of the detection of temporary or persistent threats regarding the best practices to be applied in daily life.

10.2.4 Work carried out in 2024

A global management system for security reviews and penetration tests was set up to cover 100% of critical IS assets over four-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 2024, work continued on the ISS 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 IT risk 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. This work was carried out by the BRED teams in charge of first-level controls.

BRED Group and its subsidiaries also remain particularly vigilant in the fight against cybercrime.

Several actions were continued in this respect in 2024, in order to strengthen procedures for combating cybercrime:

- follow-up and implementation of a three-year action plan on IS security and business continuity for BRED Group, for the period 2023-2025;
- continuation of the roadmap as defined in 2023 for the next three fiscal years, which incorporates the new regulatory constraints (DORA) and emerging threats;
- several projects and compliance work initiated as a follow-up to the assessment of BRED SA's compliance with DORA;
- numerous interactions between 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;
- strengthening the security level of online *banking devices* (web-based and mobile banking) in response to increased fraud and phishing attacks;
- management and optimization of the Cyber rating (Securityscorecard);
- tightening of the IT security supervision system, with:
 - annual robustness campaigns (penetration tests) in conjunction with the Information Systems department, and for all BRED Group entities,
 - a RED TEAM test on the BRED SA entity,
 - a "Bug Bounty" campaign with 13 active programs for BRED Group. The purpose of the Bug Bounty program is to have the vulnerabilities of an application identified by cyber experts, who are paid according to what they discover,
 - code reviews, which consist of analysis of the source code of a computer application to ensure that IT development security rules and best practices have been followed;

- strengthening of the control environment, with:
 - the classification of highly sensitive and sensitive information assets according to Groupe BPCE methodology (DICP and INFOJR),
 - the running of level 1 and level 2 ISS permanent control campaigns in accordance with Groupe BPCE requirements,
 - management of permanent level 2 IT controls;
- the implementation of an annual campaign to supervise the level of IS security at essential, critical or important service providers in accordance with Groupe BPCE's requirements.

Additionally, specific communications are issued in response to security events, in addition to the measures presented by Groupe BPCE. In the event of a "major" ISS incident, the alert and crisis management process is activated, as defined by BRED Group's BCP Manager.

10.3 Fight against external fraud

10.3.1 Organization to fight against external fraud

The organizational structure of the fight against external fraud consists mostly of a separation of functions between:

- the first line of defense (LoD 1), charged with operational management and oversight of the fight against external fraud;
- the second line of defense (LoD 2), charged with managing and monitoring external fraud risks.

LoD 1 is coordinated by the Group Fraud Control Tower, which carries out the following main activities:

- coordination of the operational fraud function;
- setting targets for the various players and managing performance;
- preparation of the roadmap and monitoring of its implementation;
- project monitoring and communication on progress;
- emergency management;
- definition of the annual control plan and implementation of CPN1;
- certification of figures / publication of reports;
- monitoring of action plans.

LoD 2 is managed by the Fraud Risk Management team of the Group Security department, which carries out the following main activities:

- preparation of the Group Fraud Policy and monitoring its implementation;
- definition of the Risk Management System;
- risk mapping;
- definition of the Control Plan;
- consolidation of CPN2 results;
- crisis management as part of the Group Serious Incidents (GSI) process;
- coordination of regulatory monitoring;
- definition of the training/awareness plan;
- consolidated monitoring of action plans and exemptions;
- link with ROs.

These activities cover all retail or corporate business lines and all Group companies.

The fight against external fraud is a specialized business line in all Group institutions.

This means that an external fraud contact is appointed in each Group institution and is responsible for coordinating its system in his or her institution.

This officer interacts with the Group's other external fraud contacts, with the support of the central team in charge of coordinating the sector and major projects to combat external fraud.

10.3.2 Work carried out in 2024

The multi-year external fraud roadmap across the Group continued to be implemented.

It consists in particular of the following two pillars organized into programs:

- a document fraud program covering the entire customer relationship life cycle, from inception to the end of the relationship, the objective being to strengthen and make KYC more reliable by strengthening and automating documentary controls and sharing information;
- an end-to-end transfer security program that uses enhanced detection and alert tools and adapts customer experience according to the level of fraud risk identified.

These two pillars are supplemented by actions that continue efforts to secure other means of payment (cards, checks, cash deposits, direct debits, etc.) and prevent fraud as early as possible and act on/react to it as quickly as possible.

Lastly, a payment dispute program (card and credit transfers) has been set up to accelerate compliance with the provisions of DSP2.

Within BRED, the External Fraud Control department continued its contribution to regulatory reporting and maintained strict monitoring of the management indicators presented to the External Fraud Committee, which meets at least once per quarter.

A system for detecting BtoC direct debit fraud has also been put in place, including expert rules and a predictive model. Additional predictive models deployed on payment instruments such as checks, cash and SCTS transfers have supplemented and strengthened our global external fraud detection system.

A 38% increase in the volume of fraud attempts was observed over the fiscal year, with a financial loss for the Bank up by 25%.

This trend is mainly due to the increase in document fraud, especially when setting up financing, as well as cases of fraud by manipulation, such as vishing, SIM swapping, calls from fake advisors, and fake SMS/WhatsApp messages has led to the implementation of action plans to strengthen our processes and call on our customers to be extremely vigilant.

11. EMERGING RISKS

Groupe BPCE places great importance on anticipating and managing emerging risks in today's constantly changing environment. To this end, a prospective analysis identifying the risks that could impact the Group is carried out every six months and presented to the Risk and Compliance Committee, followed by the Board Risk Committee.

Since the previous study, the macroeconomic context has changed. After the start of the ECB rate cut, uncertainties about monetary policies and changes in inflation gave way to new fears, in particular due to the political situation in France, the situation in New Caledonia and the impact of the election of Donald Trump.

Credit risk, cyber risk, interest rate risk and liquidity risk are still the four main risks weighing on business.

With regard to credit risk, the degraded situation of companies and professionals continues and the outlook remains unfavorable, while signs of degradation are now appearing on the individual customer portfolios, albeit in a contained manner.

Cyber risk also remains significant. As the economy and financial services have grown increasingly digitized, banks have had to remain constantly vigilant against cyber-threats. The sophistication of cyber-attacks and potential vulnerability of their IS systems are both major risks for Groupe BPCE, in conjunction with the expectations of the regulatory authority.

Consequences of the political situation in France, market correction and volatility risk and sovereign risk remain. The stress tests on liquidity, investment and market risks reveal controlled impacts. Vigilance regarding interest rate risk is decreasing, as uncertainties about monetary policy have diminished following the start of the ECB rate cut.

Finally, climate change is an integral part of the risk management policy, with a risk management system that is now being strengthened.

12. ENVIRONMENTAL, SOCIAL AND GOVERNANCE 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.

12.1 Definitions and reference framework

12.1.1 Reference framework

The management of environmental, social and governance risks within Groupe BPCE is part of a multi-part framework:

- On the one hand, the regulatory and legislative framework, which includes all the texts in force in the jurisdictions in which Groupe BPCE operates. In France, these include the European Taxonomy or the SFDR (Sustainable Finance Disclosure Regulation) as well as texts stemming from banking or insurance regulations such as the European Central Bank's guide on managing climate- and environment-related risks;
- On the other hand, the framework of standards and best market practices, which Groupe BPCE applies voluntarily. International references such as the Sustainable Development Goals (UN), the United Nations Global Compact, the Equator Principles (project financing) are included, in line with the Paris Agreements.

Groupe BPCE's environmental, social and governance risk management system aims to ensure compliance with the methodological standards and constraints set by this reference framework while still reflecting Groupe BPCE's risk appetite.

BRED Group is part of the framework deployed by Groupe BPCE.

12.1.2 Definition of ESG risks

Environmental risks

Environmental risks fall into two main risk categories:

- Physical risks arising from the impacts of extreme or chronic climatic or environmental events (biodiversity, pollution, water, natural resources) on the activities of Groupe BPCE or its counterparties;
- Transition risks arising from the impacts of the transition to a low-carbon economy, or one with a lower environmental impact, on Groupe BPCE or its counterparties, including regulatory changes, technological developments, and the behavior of stakeholders (including consumers).

Social risks

Social risks arise from the impacts of social factors on Groupe BPCE's counterparties, including issues related to the rights, well-being and interests of individuals and stakeholders (the company's workforce, employees of the value chain, communities affected, end-users and consumers).

Governance risks

Governance risks arise from the impacts of governance factors on Groupe BPCE's counterparties, including issues related to ethics and corporate culture (governance structure, business integrity and transparency, etc.), and to management of supplier relationships and influencing of business practices.

12.1.3 Climate and environmental scenarios

As part of its business line planning and strategic management and risk management processes, Groupe BPCE uses climate scenarios to assess the challenges associated with short-, medium- and long-term climate risks.

These scenarios come from leading institutions in scientific research on the climate, such as the Intergovernmental Panel on Climate Change (IPCC), the Network for Greening the Financial System (NGFS) or the International Energy Agency (IEA).

Groupe BPCE mainly uses the SSP2-4.5 scenario to define a median trend. This scenario represents a "median" pathway that extrapolates past and current global development into the future. Income trends in different countries diverge considerably. There is some cooperation between States, but it is limited. Global population growth is moderate and stabilizes in the second half of the century. Environmental systems are facing a certain degradation. With regard to greenhouse gas emissions, this scenario represents the average trajectory of future greenhouse gas emissions, and assumes that climate protection measures are taken.

For its risk assessment needs in a deteriorated context, Groupe BPCE also relies on the SSP5-8.5 scenario. This scenario assumes development based on fossil fuels. Global markets are increasingly integrated, resulting in innovations and technological advances. The social and economic development, however, is based on an intensified exploitation of fossil fuel resources with a high percentage of coal and an energy-intensive lifestyle worldwide. The global economy is growing rapidly and local environmental issues, such as air pollution, are being tackled successfully. With regard to greenhouse gas emissions, this scenario reflects the failure of mitigation policies and the continuity of trends in primary energy consumption and energy mix.

In defining its decarbonization objectives and trajectories, Groupe BPCE also relies on the scenarios of the International Energy Agency. These scenarios, which are specific to each sector, determine the technological breakthroughs necessary to achieve carbon neutrality by 2050.

To achieve its goal of carbon neutrality in 2050 in each of these sectors with the highest carbon emissions, Groupe BPCE has decided to use the International Energy Agency's Net Zero Emissions 2050 reference scenario (NZE 2050 scenario), which was published in 2021. This scenario is compatible with the limitation of global warming to 1.5°C, in accordance with the Paris Agreements.

While the reference base generally used is the International Energy Agency curve, the use of scientific reference curves adapted to each sector and the regions in which Groupe BPCE's operates has made it possible to take into account the specificities of the sectors in question. These scientific curves are expressed as emission intensity. They are also used by the vast majority of the customers that Groupe BPCE finances in these sectors. This shared use of a scientific reference base optimizes bank-customer dialogue.

12.1.4 Industry knowledge base

Groupe BPCE has developed a knowledge base shared between the main internal stakeholders in the ESG risk management system (in particular the Impact department and the ESG Risk department). This knowledge base is meant to be a reference within Groupe BPCE on ESG issues related to the main economic sectors and to feed into the work carried out downstream for the purposes of integrating ESG risks into strategic discussions and the various Groupe BPCE risk management systems.

This knowledge base takes the form of sectoral documents that summarize the main ESG issues of the most ESG-sensitive economic sectors. They are based on the current state of scientific, technological and social knowledge gathered by Groupe BPCE's experts. There are plans to implement a process of regular system enhancement starting in 2025.

BRED Group relies on the industry knowledge base deployed by Groupe BPCE.

12.1.5 ESG data

The acquisition, distribution and use within Groupe BPCE of data related to the ESG characteristics of its counterparties and its own activities is a critical issue, especially for the purposes of managing portfolios and monitoring ESG risks and the enhancement of customer knowledge to implement useful support actions, depending on the customer segment.

Depending on its needs and available data, Groupe BPCE has several channels for acquiring ESG data about its counterparties:

- the direct collection of data from its counterparties through specific questionnaires and dedicated strategic dialogues;
- the collection of data from non-financial information published by its counterparties, for example in their sustainability report or, from 2025, in their CSRD report for the European companies concerned;
- the use of public databases (open data), made available by governmental institutions such as the French Environment and Energy Management Agency (ADEME) or specialist non-governmental organizations (NGOs) such as World Wildlife Fund (WWF) or Urgewald;
- the use of specialized external data providers such as non-financial or general rating agencies.

In the absence of counterparty-specific data, Groupe BPCE may use approximations (e.g., sector averages) and estimates to assess the trajectory of its portfolios and risks. This type of approach is used in particular in the context of portfolios related to individual customers, professionals and small businesses for which the issues of availability and quality of the available data are particularly acute.

To meet these challenges, Groupe BPCE has defined a governance framework specific to ESG data and structured a dedicated program whose goal is to set up an infrastructure and processes for collecting, storing and distributing structured and accurate ESG data within Groupe BPCE. In particular, this program involves mapping ESG data needs and the creation of an associated roadmap aimed at gradually improving the availability and quality of the ESG data used by Groupe BPCE.

BRED Group is part of the framework deployed by Groupe BPCE in terms of ESG data.

12.2 Governance

12.2.1 Supervisory Board of Groupe BPCE

The Groupe BPCE Supervisory Board oversees and puts into perspective Groupe BPCE's ESG strategy, with the support of its specialized committees:

- the Risk Committee assesses the effectiveness of internal control and ESG risk management systems within Groupe BPCE;
- the Cooperative and CSR Committee oversees sustainability reports and non-financial communication, in conjunction with the Audit Committee and the Impact Program;

- the Audit Committee oversees non-financial communication and the consideration of ESG risks in Groupe BPCE's financial statements, in conjunction with the Cooperative and CSR Committee (joint committee once a year);
- the Remuneration Committee reviews proposals to integrate ESG issues and risks into the executive remuneration policy.

Groupe BPCE's directors receive regular training on the challenges that ESG risks represent for BPCE, changes in scientific context, the regulatory expectations associated with these risks and the strategy and risk management systems implemented to respond to them.

12.2.2 Executive Management Committee

The Executive Management Committee validates the ESG strategy, ensures its implementation and oversees Groupe BPCE's ESG risk management. To that end, it relies on committees dedicated to addressing these issues. These include:

- the Environmental Transition Strategy Committee, chaired by the Chairman of the Management Board, validates the Group's Impact strategy in terms of environmental transition and manages its implementation (action plans, indicators by business line, measurement of the Group's ambitions);
- the ESG Risk Committee, chaired by the Chief Risk Officer of Groupe BPCE, brings together the heads of Groupe BPCE's business divisions, the Risk, Finance and Impact functions, as well as two Groupe BPCE senior executives. In 2024, it replaced the Climate Risk Committee, broadening its area of expertise and its missions. This decision-making and monitoring committee deals with ESG issues from a cross-functional perspective for Groupe BPCE and its various business lines. It is responsible for consolidated monitoring of Groupe BPCE's ESG risks and ensuring the implementation of the organizational and operational strategy regarding ESG risk management. It validates the main methodological choices and scenarios used within the Group in the context of ESG risk management. It reviews and validates the assessment of the materiality of ESG risks and decides on Groupe BPCE's ESG risk appetite.

In addition, ESG risk issues are also handled by other Executive Management-level committees that include these issues within their remit. This concerns in particular:

- the Group Risks and Compliance Committee (CRCG), which integrates ESG risks into Groupe BPCE's consolidated risk monitoring;
- the Standards and Methods Committee (CNM), which reviews and approves the changes in standards necessary for the implementation of the ESG risk management system;
- committees dedicated to risk channels that integrate the relevant ESG risk factors within their area of expertise: the Group Credit and Counterparty Committee (CCCG), Group Non-Financial Risk Committee (CNFRG), Group Market Risk Committee (CRMG), and Group Reputation Committee (CRRG);
- the Group Regulatory Committee (CSRG), which monitors ESG regulations and ensures that regulatory requirements are met;
- the New Products and Activities Committee (CNPNA), which incorporates issues related to ESG strategy and risks and associated regulations in the assessment of new products and activities;
- the Group Asset/Liability Management Committee (COGAP), which integrates the ESG strategy and risks associated with the management of Groupe BPCE's liquidity reserve;
- in the context of Groupe BPCE's cooperative model, two committees support the definition and implementation of the ESG risk management strategy and system by liaising with the managers of Groupe BPCE institutions:
- the Impact Committee, chaired by the Impact Officer, which provides cross-functional guidance on the Group's Impact program, prior to its deployment in the institutions;
- the Risk, Compliance and Permanent Control Committee (CRCCP), chaired by the Chief Risk Officer, which provides guidance on the main proposed changes to the ESG risk management system.

At an operational level, Groupe BPCE relies on committees bringing together experts on ESG issues and risks at the level of BPCE and its main entities, in particular the Sustainable Finance Methodologies Committee, chaired by the Impact Officer, which defines the reference methodological approaches in terms of Sustainable Finance and ESG risks for Groupe BPCE.

The new ESG regulatory framework, the prospect of stricter refinancing conditions and the risk of default related to "devalued assets" led BRED Group to set up a department in charge of managing and monitoring ESG risks. This department reports to the institution's Risk division. This new department supports the structure in the necessary measurement of the most carbon-intensive exposures and supports the essential reorientation of financing towards "sustainable" activities as defined by the taxonomy in accordance with the expectations of the regulator.

Since Q1 2024, the Head of ESG Risks has presented developments in and quarterly analysis of ESG risks (changes in the decarbonization of the portfolio, changes in ESG allocation in our liquidity budget, monitoring of ESG risks in retail through the DPE indicator for real estate financing at BRED Group Executive Risk Committee meetings).

12.2.3 Organization

The Group Impact department, which reports directly to the Chairman of the Management Board, is responsible for the environmental, social and governance dimensions of Impact's vision for 2030. It develops and deploys this expertise and works to share and disseminate the best practices identified in all Group companies. It conducts scientific and competitive monitoring and supports regulatory monitoring in a process of continuous improvement. It proposes and drives Groupe BPCE's ESG strategy. To carry out its missions, the Impact department relies on the CSR/Impact departments of the Groupe BPCE's various business lines, the Fédération nationale des Banques Populaires (FNBP) and Fédération Nationale des Caisses d'Epargne (FNCE). The structuring of an Impact function, with an Impact sponsor in all Group institutions, allows the implementation of a dynamic of joint construction of projects, the sharing of local best practices and cross-functionally ensures a global vision for the Group Impact program, its implementation in institutions and the coordination of roadmaps and CSR projects.

ESG risk management is based on the three lines of defense model:

- first line of defense: operational departments within Groupe BPCE's various business lines and functions integrate ESG risks into their processes, policies and controls. ESG risks are taken into account in the level 1.1 and 1.2 control systems according to the risks created by each activity;
- second line of defense: the ESG Risk department, which reports directly to the Chief Risk Officer of Groupe BPCE, establishes the reference framework (methodology and scenarios), structures, coordinates and supports the deployment of the ESG risk management system within Groupe BPCE in collaboration with the Impact department, the other departments of the Risk division, other Groupe BPCE departments involved in ESG risk management and all Groupe BPCE entities and institutions; the other risk and compliance functions include ESG risks as a risk factor in the risk management and control system, with the support of the ESG Risk department; Level 2 permanent control is carried out by the Permanent Risk Control division of the Group Risk division. It includes the control points relating to ESG risks to ensure the monitoring and cross-functional control of the effective integration of the ESG risk management system into policies and processes;
- third line of defense: Groupe BPCE's Internal Audit and the departments in charge of internal audit include ESG risks in their review of the internal control framework to ensure the proper application of the associated risk policies and the compliance of sales and risk management practices and compliance with regulatory obligations.

In particular, the ESG Risk department plays a central role in defining and implementing Groupe BPCE's ESG risk supervision system and is responsible for:

- defining and deploying methodologies and risk measurement tools specific to ESG risks;
- contributing to the definition of reference climate/environmental scenarios for Groupe BPCE;
- contributing to the definition and implementation of a stress test system for ESG risks and contributing to cross-functional risk management processes, in particular RAF/ICAAP/ILAAP, on behalf of ESG risks;
- managing and supporting projects that take ESG risks into account in risk appetite, policies, processes, risk/business methodologies in all Risk divisions, entities and business lines;
- supporting the operational implementation of the ESG risk system in all entities, in particular by supervising the permanent control system related to ESG risks;
- defining and implementing consolidated ESG risk monitoring dashboards and monitoring sensitive individual and sector exposures;
- producing and distributing consolidated analyses (*ad hoc* or recurring) of ESG risk exposure;
- defining and developing the internal training system for ESG risks (directors, managers, employees).

To carry out these missions, the ESG Risk department relies on a network of correspondents identified in all Groupe BPCE entities and institutions, who are responsible for supporting the deployment of the ESG risk management system within their entity or their establishment.

Given the challenges specific to the Corporate & Investment Banking business lines, Natixis CIB has set up several areas of expertise within its sales teams (Green & Sustainable Hub), its Risk division (teams dedicated to ESG risks within the department in charge of credit risks and its modeling teams) and its Strategy & Sustainability department. These teams feed into Groupe BPCE's work, in particular as regards large companies and specialized financing, impact and risk assessment methodologies, and are directly involved in supporting the deployment of the system to other entities and institutions in Groupe BPCE.

BRED Group set up a department in charge of managing and monitoring ESG risks in January 2024. This department, which reports to the institution's Risk division, applies the ESG risk management system to BRED Group according to four pillars:

Governance:

- defines and implements governance applicable to ESG risks (committee procedure, roles and responsibilities);
- defines an organization applicable to ESG risks.

Strategy and risk management:

- gradually incorporates ESG risk management system into the policies, processes, systems and controls in each of the risk channels (credit, operational, etc.).

Risk management and communication:

- defines the local framework applicable to ESG risks and ensures consolidated monitoring of ESG risks;
- initiates acculturation, awareness-raising and internal communication actions for the bank's employees with regard to ESG risks in a manner adapted to their business lines;
- contributes to the entity's non-financial communication, integrating ESG risks.

The Cooperative Shareholders and Sustainable Development - CSR department (DSDD), which consists of three people who report directly to Executive Management, is tasked with integrating Environmental, Social and Governance (ESG) issues into the bank's major orientations and supporting the implementation of actions by the bank's various business lines.

The DSDD is responsible for measuring the results of these actions against the commitments made.

In addition to the management of recurring and cross-functional CSR projects, the DSDD performs ESG analyses on the credit files of companies whose amount exceeds €1 million and which are eligible for the Statement of Non-Financial Performance or voluntarily publish a CSR report, in accordance with legal criteria.

This analysis is based on 18 key indicators, divided into three areas (environment, social and governance), supplemented by a controversy analysis in the seven core subjects covered by ISO 26000.

It also includes the sectoral analysis of ESG risks developed by BPCE's Risk, Compliance and Permanent Control department and takes into account all aspects of the European green taxonomy.

An environmental sectoral classification follows from this assessment and identifies specific points of attention. The analysis results in the allocation of a score out of 100, which depends on the non-financial performance of the rated company relative to best practices in its business sector. It also assesses the level of ESG risks according to a three-level scale: low, moderate and high, with a high risk able to compromise the granting of financing.

The ESG rating of companies is updated when credit applications are presented to the Credit Committee.

This mechanism has been validated by the ExCom and the executive Risk Committee and is referred to in BRED's corporate credit policy.

12.2.4 Employee training and awareness

Several training modules on ESG issues and associated risks are made available to Groupe BPCE employees. These are deployed in an appropriate manner according to the specificities of each entity. Work on the overhaul of the training system was undertaken in 2024 and aims to enrich these training courses and ensure their overall consistency and proper deployment within Groupe BPCE's entities and institutions. The Vision 2030 strategic project aims to train 100% of employees in ESG issues by December 31, 2026, thanks to the implementation of this dedicated system.

In addition, awareness-raising communications on ESG issues and associated risks are regularly sent to Groupe BPCE employees and contribute to the proper understanding of these topics and the updating of their knowledge.

In 2024, the ESG Risk department held seven awareness-raising meetings with various internal departments.

The following were made available to all employees:

- on-demand ESG training modules (e.g., climate school (season 1 & 2) and Risk Pursuit - Climate risk);
- acculturation modules dealing with ESG on demand (e.g., What are the ESG risks, Going green: Understanding ESG criteria, etc.).

12.2.5 Remuneration policy

The Supervisory Board, through its Remuneration Committee, is responsible for setting the method and amount of remuneration for each member of the Management Board. It ensures that ESG issues are fully integrated into the remuneration policy.

For the 2024 fiscal year, CSR and employee cooperative shareholding within BPCE are one of the five qualitative criteria influencing the variable remuneration of Management Board members. The variable portion of remuneration relating to the five qualitative criteria represents 40% of the total variable remuneration, with no specific weighting for each of the individual criteria. The achievement rate was assessed overall by taking into account the attention paid to the five criteria, taken as a whole, including CSR topics and employee cooperative shareholding within BPCE.

On February 6, 2025, on the proposal of the Remuneration Committee, the Supervisory Board of BPCE decided to set the BPCE Management Board's variable remuneration targets for the 2025 fiscal year by incorporating a specific criterion related to the environment, climate and decarbonization trajectories with a weighting of 5%.

12.3 Environmental, social and governance risk management system

12.3.1 ESG risk management system deployment program

The ESG Risk department coordinates the implementation of the ESG risk management system at Groupe BPCE level through a dedicated program. This program, initiated in 2021, was reviewed and strengthened during 2024 in line with Groupe BPCE's climate and environmental commitments as part of the Vision 2030 strategic plan and with regulatory requirements. It defines a multi-year action plan aligned with the timeframe of the strategic plan (2024-2026). It is directly linked to the strategy and actions implemented by the Impact program. This program is monitored quarterly by the ESG Risk Committee, the Groupe BPCE Supervisory Board and the European supervisor.

This program is based on the following four themes:

- ESG risk governance: committee procedure, roles and responsibilities, remuneration;
- strengthening risk knowledge: monitoring systems, sector analyses and assessments, risk reference framework, risk analysis methodologies and processes, data;
- operational integration of work: in coordination with the other functions of the Risk division, consideration of ESG risk factors in their respective management systems and decision-making processes;
- consolidated risk management mechanisms: dashboards, contributions to RAF/ICAAP/ILAAP, training and acculturation plan for directors, managers and employees, contribution to non-financial communication.

The execution of this program mobilizes the main internal ESG risk stakeholders, in particular the Impact department, the teams and channels of the other offices of the Risk division, the Finance department and the Compliance department, as well as Groupe BPCE's business divisions, in particular the departments in charge of developing sustainable finance activities.

BRED's ESG Risk department took part in various workshops organized by Groupe BPCE, in particular:

- improving knowledge of ESG risks;
- the operational integration of GROUP CSR policies;
- the establishment of an ESG rating methodology for counterparties;
- the design of an ESG dialogue;
- the operational integration of the analysis of ESG criteria into the lending process.

The department also contributed to the preparation of the first BRED Group sustainability report and reports each quarter on ESG risk to the BRED Executive Risk Committee based on the institution's quarterly ESG risk dashboard.

12.3.2 Identification and materiality assessment of ESG risks

Groupe BPCE has implemented a process to identify and assess the materiality of ESG risks in order to structure its understanding of the risks to which it is exposed in the short, medium and long term and identify priority areas for strengthening the risk management system.

This process is coordinated by the ESG Risk department, under the supervision of the Groupe BPCE ESG Risk Committee and Supervisory Board. It is reviewed annually to update scientific knowledge and underlying methodologies.

This process consists of four main steps:

- creation of the ESG risk framework;
- documentation of ESG risk transmission channels to other risk categories;
- assessment of the materiality of ESG risks in relation to other risk categories;
- input into cross-functional risk management exercises (risk appetite framework, ICAAP, ILAAP).

In 2024, the scope of risks taken into account in the process of identifying and assessing the materiality of ESG risks only covers climate and environmental risks. Social and governance risks are directly integrated into the cross-functional risk appetite framework. Work on the extension of social and governance risks will be planned as part of the annual work update.

ESG risk framework

Groupe BPCE has established a framework to define the risks covered by climate and environmental risks. This framework is based on current scientific knowledge and reference regulatory texts (such as the European taxonomy) and aims to provide the most comprehensive possible representation of hazards. It must be updated annually and be extended to cover social and governance risks.

With regard to physical risks, the framework distinguishes between hazards and physical risks related to the climate, biodiversity and ecosystems, pollution, water and marine resources and the use of resources and the circular economy. Climate-related hazards are divided into acute or chronic hazards related to temperature, wind, water and solid mass) and environmental hazards. The hazards related to environmental risks are divided between the disruption of regulation services (protection against climate hazards, support for production services, mitigation of direct impacts) and the disruption of supply services (in terms of quality or quantity).

With regard to transition risks, the framework distinguishes between risks related to regulatory changes, technological developments, and stakeholder expectations and changes in behavior.

Climate and environmental risks

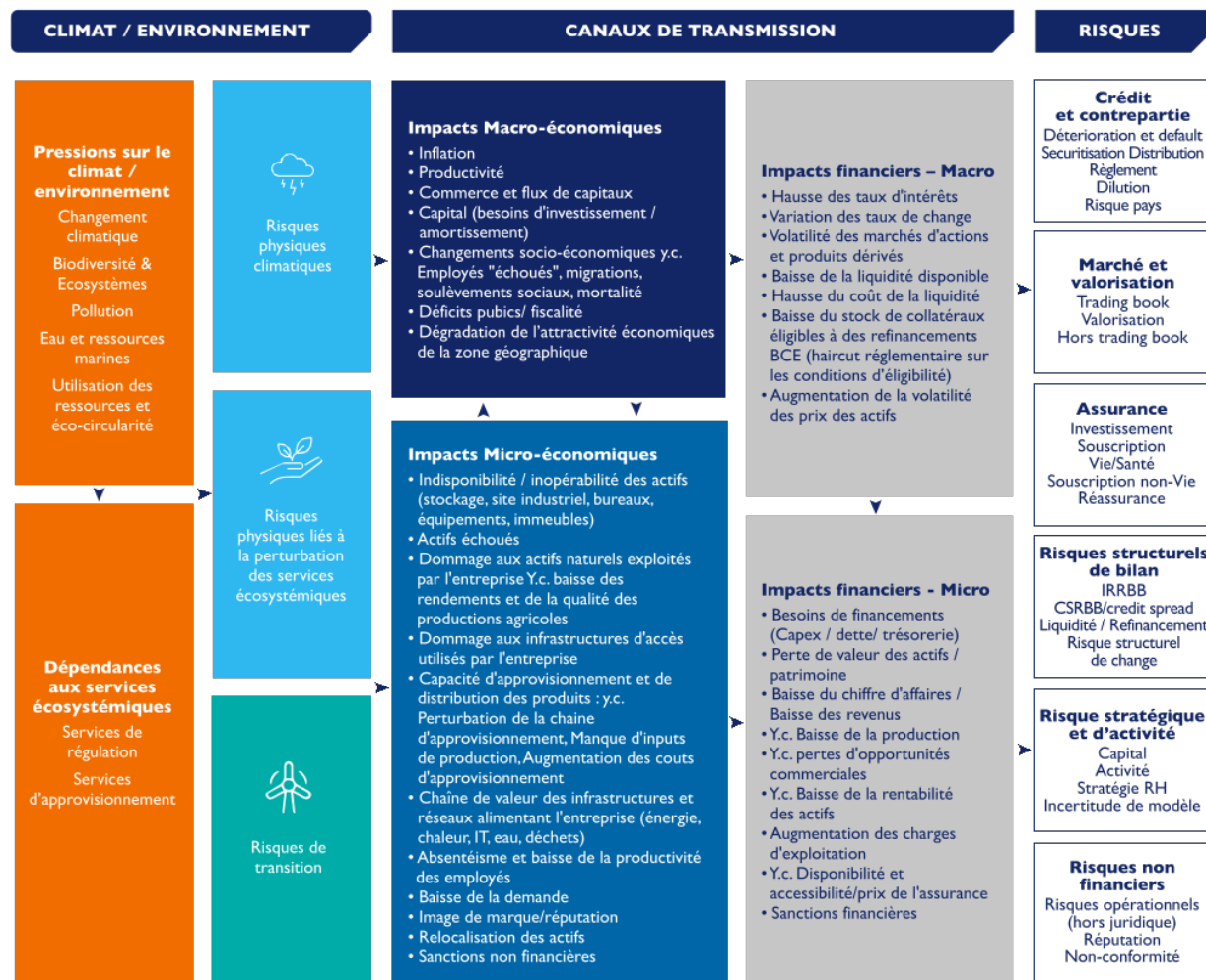
Physical risks		Transition risks
Climate	Environmental	
Temperature	Biodiversity	Regulatory and legal changes
Wind	Water and marine resources	Stakeholder behavior
Water	Natural resources	Technological breakthroughs
Solid masses	Pollution	

ESG risk transmission channels

ESG risks are risk factors underlying the other risk categories to which Groupe BPCE is exposed, namely credit and counterparty risks, market and valuation risks, insurance risks and structural balance sheet risks, strategic and business risks and non-financial risks (operational risks, reputational risks, non-compliance risks, etc.), as identified in Groupe BPCE's risk taxonomy.

In 2024, Groupe BPCE carried out a systematic identification and description of transmission channels linking climate and environmental risk factors to the main risk categories of Groupe BPCE's risk taxonomy. For this exercise, Groupe BPCE relied on its internal experts as well as on the impact mapping carried out by leading institutions such as the NGFS, SBTN and the OCARA methodology.

These transmission channels involve the impacts of climate hazards on activities and business models, which are reflected in financial variables at the macroeconomic or microeconomic scale and ultimately modify Groupe BPCE's risk exposure. They may materialize directly, in connection with Groupe BPCE's own activities, or indirectly, through the counterparties to which Groupe BPCE is exposed as part of its financing or investment activities. They are summarized in the diagram below and will be subject to an annual review in order to integrate changes in knowledge on climate and environmental risks and to extend the scope of risks covered to social and governance risks.



Assessment of ESG risk materiality

Based on the transmission channels identified, Groupe BPCE assesses the materiality of climate and environmental risks in relation to the main risk categories to which it is exposed. This assessment distinguishes between physical risks and transition risks for climate risks on the one hand and environmental risks on the other. It is carried out according to three time horizons: short-term (one to three years, financial planning horizon), medium-term (strategic planning horizon, five to seven years) and long-term (~2050).

This assessment is based on quantitative or qualitative indicators, making it possible to assess exposures to risk from a sectoral and geographical point of view, when these are available, as well as on expert assessments. The internal experts involved in these assessments include the ESG Risk department, the other risk divisions, as well as representatives from the other departments (impact, compliance, legal) and the business lines affected.

In 2024, the assessment of the climate risks was carried out by almost all of Groupe BPCE's physical entities and aggregated at Groupe BPCE level. It was supplemented by an initial assessment of the environmental risks carried out solely at Groupe BPCE level. As part of the assessments' annual update, the climate and environmental risk assessment processes will be converged and extended to social and governance risks.

The climate risk materiality matrix has been adapted to BRED:

BRED	Physical risks				Transition risks	
	Time horizon 2024 Strategic Plan		Time horizon Long-term > 4 years		Time horizon 2024 Strategic Plan	Time horizon Long-term > 4 years
	Acute	Chronic	Acute	Chronic		
Credit and counterparty risk customer default, impairment of collateral	Low	Low	Moderate	Moderate	Moderate	High

Market risk and asset valuation: Change in valuation of equities, rates, commodities, etc.	Low	Low	Low	Low	Low	Low
Liquidity risk risk of short-term liquidity crisis, refinancing risk	Low	Low	Moderate	Low	Low	Moderate
Insurance risk	Low	Low	Low	Low	Low	Low
Own investment risk	Low	Low	Moderate	Moderate	Low	Low
Risk within customer portfolios insurance and asset management	Low	Low	Moderate	Moderate	Low	Moderate
Operational risk (business continuity)	Low	Low	Low	Low	Low	Moderate
Reputational risk	Low	Low	Low	Low	Moderate	High
Legal, compliance and regulatory risk	Low	Low	Low	Low	Moderate	High
Strategic, business and ecosystem risk	Low	Low	High	High	Moderate	Moderate

Integration into Groupe BPCE's risk appetite framework

The work to identify ESG risks and assess their materiality informs the main components of Groupe BPCE's risk appetite as part of the annual review process of that system.

Groupe BPCE's risk mapping includes an "Ecosystem risk" category, which groups together environmental risks, distinguishing between physical climate and environmental risks, transitional climate and environmental risks, social risks and governance risks.

The materiality assessment of these risk categories as part of the risk appetite framework is defined by cross-referencing the materiality of the main risk categories to which Groupe BPCE is exposed (assessed as part of the annual process of defining risk appetite) and the materiality of climate and environmental risks in relation to those risk categories (assessed according to the process described above). For social and governance risks, the assessment is carried out on an expert basis as part of the risk appetite definition process only. In 2024, the materiality of physical and transition climate and environmental risks was assessed at level 1 out of 3 ("significant") for Groupe BPCE, while the materiality of social and governance risks was assessed at a level of 0 out of 3 ("low").

Risk appetite framework

As part of the definition of risk appetite for 2025, Groupe BPCE has introduced a transition risk appetite indicator for the residential real estate loan book. This indicator takes into account the share of real estate assets financed with a degraded Energy Performance Assessment (class F or G) in the inventory and is associated with a limit that takes into account the existing portfolio and the stated ambitions in terms of financing the energy-efficient home renovation projects. In addition, a transition risk appetite indicator for the Corporate exposure portfolio, taking into account the share of exposure to the sectors most sensitive to climate issues, is kept under observation. Work is planned during 2025 to extend the scope of coverage of risk appetite indicators, both in terms of portfolios and types of risk covered.

The following indicator has been deployed in the institution's RAF:

The Rental Investment Home Loan Production Ratio presents a climate transition risk due to an Energy Performance Assessment (DPE) classified as "F" or "G" (the lowest performance). This indicator makes it possible to monitor the climate transition risks on Home Loan production in a restrictive regulatory context for the leasing of assets with a downgraded DPE label. Raising employee awareness by including a climate risk indicator in reports.

Loan Production BRED *Habitat locatif* DPE (F&G)



Integration into the internal assessment process of capital and liquidity requirements

Groupe BPCE takes physical risk into account in the internal assessment of its capital requirements (ICAAP process) by applying adverse scenarios to the risks of drought (which impact various economic sectors such as agriculture and construction) and flooding (on the real estate portfolio). The transition risk was also quantified. Initially through the impact of the DPE legislation on the value of real estate assets, and for 2025, the quantification of a scenario of rapid transition to a low-carbon economy. In addition, work was carried out to integrate this risk to the real estate portfolios of individuals in the quantification of the economic capital of the ICAAP 2025 specifically in connection with an unfavorable change in DPE regulations, then supplemented by an add-on for portfolios that do not currently have a specific economic valuation model.

Groupe BPCE also takes into account physical and transition risks in the internal assessment of its liquidity requirement (ILAAP process). The quantification of the risk is based on the modeling of the impact of a physical risk (Seine flood) on the financial standing of the Group's customers, the ability of insurers to replace liquidity with Groupe BPCE and the behavior of investors. In 2024, an assessment of the impacts related to reputation risk (in connection with controversies on ESG topics) was also carried out by simulating the reduction in available liquidity from customers and investors and the associated increase in the funding cost.

12.3.3 ESG risk assessment methodology

In order to strengthen its ESG risk assessment capabilities, Groupe BPCE has adopted specific methodologies to assess the ESG risks associated with its exposure portfolios in a systematic and consistent manner. These methodologies are based on internal and external expertise and reflect the state of scientific knowledge, current technologies, regulatory environment and market practices. They are regularly reviewed, supplemented and enhanced with the aim of gradually improving the accuracy of ESG risk assessment and taking into account changes in the context.

Assessment of environmental, social and governance risks

Groupe BPCE has developed an internal methodology for assessing environmental, social and governance issues and risks. This methodology is based on sector notes documenting the main ESG issues and risks related to the sector, according to criteria aligned with the definitions of European taxonomy:

- six environmental risk criteria: physical climate risks, climate transition risks, biodiversity, water, pollution and circular economy;
- four social risk criteria: customers, workers, suppliers and civil society;
- four governance risk criteria: business ethics, CSR strategy, shareholder democracy and the practices and processes implemented to direct and control customer risk management.

All of these criteria are then rated by in-house experts, according to the principles of double materiality. The scores for the environmental criteria are also aggregated in order to provide a summary score enabling the sectors to be compared. The proposed ratings were validated by the Non-Financial Risk Committee.

This analysis methodology was deployed in the 26 economic sectors used to manage Groupe BPCE's financing portfolio. It is shared with all Groupe BPCE entities.

Work was carried out in 2024 to improve methods for assessing physical and transition environmental risks. These methods are described below and are intended to replace this methodology in the course of 2025.

Physical environmental risk assessment

Geo-sectoral assessments

In order to strengthen the sensitivity and robustness of its assessments of the physical risk associated with financing exposures for Professionals and Corporates, in 2024, Groupe BPCE developed a methodology for analyzing the vulnerability of outstandings to physical risks.

This internal methodology makes it possible to take into account the intrinsic vulnerability of a sector to physical risk hazards and the exposure of a given geographic area to physical risk hazards. It is currently broken down into a fine-grained sectoral grid (NACE2) and a national or regional geographic grid for countries in which Groupe BPCE has a particular concentration of outstandings (France, United States). Six physical climate risk hazards are currently covered, which are among the most representative for Groupe BPCE, and can be simulated under different scenarios and time horizons.

This methodology must be deployed in the internal risk management tools in the course of 2025.

Home Loan Portfolio

Given its significant exposure to home loans to private individuals, Groupe BPCE has adopted a tool to simulate the physical risks to its financed assets. This tool takes into account the exact coordinates of the asset to assess its risk exposure and certain characteristics to estimate its vulnerability to determine the estimated damages under different scenarios and time horizons. To date, this tool covers the territory of mainland France and Corsica and makes it possible to assess exposure to the two main physical risks for this portfolio (drought - RGA and floods).

This methodology must be deployed in the internal risk management tools in the course of 2025.

Transition environmental risk assessment

Sector assessments

In order to strengthen the sensitivity and robustness of its assessments of the transition risk associated with financing exposures for Professionals and Corporates, in 2024 Groupe BPCE developed a methodology for granular analysis of the sensitivity of sectors to that risk.

This internal methodology makes it possible to assign a sectoral score reflecting the transition risk associated with a given NAF code, taking into account the carbon emissions and the main environmental impacts of the companies in the sector. It was developed in line with the Green Weighting Factor methodology (described below) which applies at the level of the company or project financed. Given the predominant share of French companies in the exposure portfolio, this methodology is focused on the parameters corresponding to the French economy.

This methodology must be deployed in the internal risk management tools in the course of 2025.

Home Loan Portfolio

To assess the transition risk on its home loan portfolio, Groupe BPCE relies on the Energy Performance Assessment (DPE) of the real estate assets financed. The DPE of the financed asset is collected systematically and makes it possible to capture both a risk on the repayment capacity of the loan in the event of an increase in energy expenditure or expenses related to the financing of work to improve energy performance, but also the risk of loss of value of the asset due to a deteriorated DPE, making it potentially unfit for use in the rental context given the regulations in force.

12.3.4 Integration of ESG risks into the risk management system

Based on specific ESG risk assessment methodologies, Groupe BPCE is gradually integrating ESG risk factors into its operational decisions through existing systems in the bank's main risk channels.

Credit risk

ESG risks are taken into account in the context of credit decisions from two complementary angles, which are to be taken into account in an appropriate manner based on the issues specific to each transaction:

- the assessment of the ESG risks to which the counterparty or the project is exposed and their impacts on the credit risk profile of the counterparty or the project;
- the assessment of the reputational risk related to the ESG issues associated with the counterparty or project's activities, in particular with regard to alignment with the voluntary commitments made by Groupe BPCE and its impact strategy.

Credit policies

Groupe BPCE's credit policies include documentation of sectoral ESG issues and points of attention to guide the analysis of financing applications on these aspects when they are relevant for the sector. These elements are compiled

from the ESG sector knowledge base (see above) and are reviewed and enhanced, in coordination with Groupe BPCE entities and institutions, as part of the regular updating of credit policies.

When relevant, Groupe BPCE's credit policies refer to Groupe BPCE's voluntary commitments (in particular, CSR policies in the coal and oil/gas sectors), requiring the exclusion criteria set in the context credit decisions.

BRED is part of Groupe BPCE's credit policy.

BRED carries out an analysis of the ESG risks of companies subject to a request for financing in an amount of more than €1 million *via the* establishment of a CSR diagnosis. This analysis is based on the information published in the customer's CSR report. It is included in the credit file, in the form of an overall rating to assess ESG risks, on a scale with three levels: high, moderate and low. Its results are provided for information purposes, in addition to the credit risk analysis.

The Coal and Oil & Gas policies are available on the BRED intranet under the heading "Climate risks and ESG".

ESG dialogue with network Corporate customers

Since 2023, Groupe BPCE has included the ESG dimension in its strategic dialogue with the Corporate customers in its retail banking networks. An "ESG dialogue" tool was built internally and rolled out to sales teams to address the main challenges and commitments of Corporate customers on environmental, social and governance issues. This tool makes it possible to enhance customer knowledge from the perspective of ESG issues and risks and to identify additional elements to the financial analysis that can be taken into account in the assessment of the credit file.

An overhaul of the "ESG dialogue" tool was launched in 2024 in order to enrich the underlying questionnaire and provide additional sectoral information on the most sensitive sectors, as well as to clarify the implications with regard to the profile of the counterparty risk in the context of credit analyses. This work is due to be rolled out in retail banking networks in 2025.

BRED has been heavily involved in the development of the ESG dialogue.

The integration of the ESG dialogue in its latest version will be rolled out in 2025 for Front, Commitments and Credit Risks.

ESG risk rating of counterparties/transactions

Work has been undertaken to develop an internal ESG risk rating methodology for SME/mid-sized companies and Large Corporates, incorporating the specificities of each customer. This methodology, which is independent of the credit rating, will make it possible to systematically and consistently assess the level of ESG risk associated with a counterparty. The roll-out of this rating is planned starting in 2025.

BRED has been heavily involved in the creation of an ESG rating methodology for counterparties (score card).

The ESG rating methodology for counterparties will be rolled out in 2025 for Front, Commitments and Credit Risks.

Operational risks

Business continuity risks

As part of its business continuity system, Groupe BPCE assesses the climate and environmental risks to which its main operating sites (head offices and administrative buildings) are exposed. These risks are taken into account as part of the business continuity plans defined at the level of Groupe BPCE and its entities and which define the procedures and resources to be implemented in the event of natural disasters in order to protect employees, key assets and activities and ensure the continuity of essential services.

Groupe BPCE's critical suppliers (PEICs) are also subject to an assessment of their business continuity plan, which must take into account the climate and environmental risks to which they are exposed.

Operational risk incidents related to climate risks are specifically identified in Groupe BPCE's incident collection and operational risk monitoring tools, making it possible to monitor their impacts over time.

BRED is part of the Groupe BPCE system.

Reputational and legal risk

The growing awareness and sensitivity of citizens and economic players to ESG issues leads to increased exposure to the reputational risks associated with these issues, particularly in the following cases:

- Communication using the ecological/sustainable argument in a misleading manner (greenwashing);
- Non-compliance with the voluntary commitments made by Groupe BPCE or voluntary commitments deemed insufficient;
- Controversial activities of Groupe BPCE or its entities, customers and/or suppliers.

Faced with these risks, Groupe BPCE relies on several risk assessment and mitigation systems:

- monitoring and awareness-raising actions carried out by the Legal department, in conjunction with the Impact and Risk departments, on regulatory changes and best practices in terms of communication on climate and environmental issues;
- the new products/new activities (NPNA) system concerning the characteristics and communication of Groupe BPCE's products and activities;
- the controls applied to voluntary commitments (CSR policies in particular) as part of the new relationship, credit and investment processes;
- the responsible purchasing policy, which requires knowledge and assessment of suppliers' ESG risks, and the implementation of a carbon clause in supplier contracts since 2024;
- review by the Group Reputation Risk Committee (CRRG) of the most sensitive issues at Groupe BPCE level.

Groupe BPCE plans to continue to enhance these systems in the course of 2025, in particular by defining a framework for monitoring voluntary commitments and strengthening its reputation and litigation risk management system.

In addition, a monitoring of the Group's ESG reputation has been set up and makes it possible to monitor monthly the main controversies related to ESG issues that have involved Groupe BPCE and their impact on Groupe BPCE's overall reputation score, which is monitored as part of the risk appetite framework.

BRED is part of the Groupe BPCE system.

Financial and market risks

Investment risks associated with the liquidity reserve

Groupe BPCE incorporates ESG criteria into the management of the liquidity reserve in order to manage both the ESG risks associated with investments and the associated reputational risk.

These ESG criteria are defined according to two axes: a target is set for the proportion of "sustainable" securities (Green, Social, or Sustainable) and an exclusion for issuers of securities with a downgraded non-financial rating.

In addition, the criteria defined in the CSR policies also apply to securities held in the liquidity reserve.

BRED is part of the Groupe BPCE system.

Risks related to proprietary investments

Groupe BPCE's proprietary investments mainly concern the private equity and real estate (non-operating) investment portfolios. In 2024, Groupe BPCE uses two ESG questionnaires to systematically collect information related to ESG characteristics in the creation of new investment files. The questionnaire aims to assess the ESG performance of asset management companies regarding delegated management investments, mainly in relation to the associated reputational risk. For properties managed on its own behalf, the questionnaire aims to collect elements of physical risk and transition risk associated with the invested asset.

This approach aims at this stage to promote the acculturation of the sector to ESG issues and to possibly provide information for discussion as part of the investment decision. This work and the enhancement of the system is planned to be continued in the future.

BRED rolled out ESG transactions questionnaires to its portfolio companies in May 2024.

With regard to the selection of funds, co-investments or direct positions invested in unlisted, GCI also ensures that Groupe BPCE's sectoral CSR policy applicable to the coal industry is respected: exclusion of funds/companies whose revenues are not a priori based 25% or more on coal-based electricity production and thermal coal extraction, or not developing new electricity production capacity from coal or thermal coal mining.

Risks related to insurance activities

PREPAR ASSURANCES has integrated the sustainability risk into its risk management policy. The results of the ESG analysis of the PREPAR VIE entity are presented in its "Article 29" report, which can be consulted on the company's website. (Rapport-Article-29_PREPARVIE_EXERCICE-2023_version-definitive.pdf ([prepar-vie.fr](https://www.prepar-vie.fr/prepar-vie/fr/rapport-article-29))).

Risks related to asset management activities

Promepar Asset Management has defined an ESG policy and includes ESG risks in its risk management policy.

The ESG policy of the Promepar Asset Management entity is available on the company's website. (Politique-ESG-Promepar-AM-2024.pdf)

12.3.5 ESG risk monitoring and reporting system

ESG risks are monitored on a consolidated basis at Groupe BPCE level, through a dashboard produced quarterly by the ESG Risk department and made available to all entities and business lines.

To date, the indicators monitored mainly focus on climate and environmental risks and cover the following points:

- Corporate and Professional customer portfolio: sectoral concentrations compared to the sectoral assessment of climate and environmental risks and the most sensitive sectors;
- Home loan portfolio: concentration of financed assets with a deteriorated energy performance in the loan production stock;
- Liquidity reserve: concentration by ESG rating of the stock and transactions carried out;
- Scope 1 carbon footprint monitoring.

The main indicators in this dashboard are reported quarterly to the ESG Risk Committee. Certain indicators are also included in the management system of Groupe BPCE entities.

At the level of Groupe BPCE entities, the integration of the dashboard indicators into the management and monitoring of the entity's risks is carried out in an appropriate manner according to the challenges, business model and operational context of the entity.

This dashboard is intended to be reviewed and enhanced as the ESG risk management system is strengthened and quantitative measures are developed.

The dashboard is presented and analyzed quarterly at the Executive Risk Committee meeting.

13. MODEL RISKS

Model risk can be defined as the risk of adverse consequences (e.g., financial loss or damage to reputation) resulting from the inadequate use of a model or the use of a model with design or implementation flaws.

BRED's Model Risk division is responsible for the Model Risk Management (MRM) function within BRED Group. It is responsible for the deployment within BRED Group of the model risk management system defined by BPCE. In addition, by delegation granted by BPCE to BRED Group, the Model Risk division also performs the independent validation function of the models used locally, with the exception of those developed by BPCE. However, the case of the PREPAR subsidiary, an insurance entity, is specific: its models are validated by its actuarial function, but under the supervision of the DRMA.

A BRED Group-specific MRM policy has been put in place, implementing the Groupe BPCE MRM policy locally and establishing a robust model risk management system, the principles and guidelines of which are specified.

This policy defines the roles of the various contributors to the model risk management system both at the level of the first line of defense (ultimate model managers, development managers, implementation managers and users) and at the second line of defense (validators). It reiterates the need to update the inventory of models. It presents the model comitology, based on three levels of committees. It specifies the methods for validating the models.

The DRMA independently validates each of the inventoried models, at an appropriate frequency according to their level of importance, by following the following steps:

- a validation review is carried out, which assesses the model according to various qualitative and quantitative criteria: quality of the input data and any restatements, methodology implemented, performance, continuous monitoring system put in place, implementation, documentation;
- a report on the review carried out is prepared; it indicates whether the model has been validated or not and may contain notices corresponding to the weaknesses identified, where applicable, by the Model Risk division and which must be corrected by the first line of defense; the implementation of these notices by the first line of defense is then monitored by the Model Risk division;
- the conclusions of the validation review are presented to the Methods and Models Committee or the Market Methods and Models Committee depending on the nature of the model, composed of quantitative experts (modelers and validators) and business line experts if necessary.

Changes in models considered significant are submitted by the first line of defense to the Model Risk division. If the latter deems it necessary, it schedules a new early validation review.

The validation reports and the minutes of the model committees are made available to BPCE's MRM function.

In addition, a model risk dashboard is presented annually to the BRED Executive Risk Committee. It provides a summary view of the quality of the models as well as an indicator of the model's risk level, enabling this risk to be managed in particular in relation to risk appetite.



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Document prepared by the Communications Department

Cover: Agence Terre de Sienne

