



## **BRED**, BANKING WITHOUT DISTANCE

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Cooperative, human, responsible,  
rooted in the regions, innovative,  
creating sustainable relations and  
with high added value: the bank  
of tomorrow is the BRED of today.

WHEN LOCALLY ROOTED BUSINESS  
AND INNOVATION ARE IN HARMONY  
WITH THE WORLD



ONE OF THE  
EARLIEST  
"BANQUES  
POPULAIRES"

1919 233 shopkeepers, industrialists and craftsmen joined Louis-Alexandre Dagot, Chairman of the Union Commerciale et Industrielle de Vincennes, to found the Banque Populaire Industrielle et Commerciale de la Banlieue Est de Paris [Industrial and Commercial Popular Bank of the Eastern Suburbs of Paris] on October 7, 1919. It was among the very first "banques populaires" to be created.

By 1921, there were 4 branches, around 500 members and 20 employees. It spread very quickly through the Seine-et-Marne department and in the eastern suburbs of Paris. Up until 1930, the bank enjoyed a period of fast development, driven in particular by the economic growth of its territory. However, it was hit hard by the economic crisis that occurred in the following decade. Although the War years obliged it to cut back on its commercial activity,

its recovery began in the early 1940s under the chairmanship of Pierre Boissou. Appointed managing director in 1938 and then chairman and managing director in 1940, Pierre Boissou took charge of the bank's recovery. He was responsible for BRED's key strategies until 1970. BRED officially adopted the name "Banque Régionale d'Escompte et de Dépôts" in 1942.



## RAPID DEVELOPMENT OF THE BRANCH NETWORK

**1950** After the War, BRED experienced a period of continuous expansion. It diversified its services and developed its network in Seine-et-Marne, Paris and Normandy. More

than 80 branches were opened between 1960 and 1970. More and more branches opened on Saturdays. The early use of computers – the first computer came into use in 1963 – allowed the bank to modernise its

management of accounts. In particular, it enabled customers to carry out their operations in any branch of the BRED network. In 1969, BRED created Interépargne, the first French company to manage employee savings,

which later became a subsidiary of Natixis (BPCE Group). BRED also attracted Casden into the Banque Populaire Group. Promépar Gestion, a subsidiary specialising in share portfolio management, was created in 1974.



## DIVERSIFICATION OF BUSINESSES AND FIRST LOCATIONS OVERSEAS

**1980** In the 1980s and 1990s, BRED showed a strong desire to diversify its businesses. In the early 1980s, it set up a finance company and took control of a stockbroking company. It also created a specialised subsidiary, Prepar, which offered a range of life insurance products and retirement savings plans. At the same time, it signed partnership

agreements, most notably with the Canadian National Bank. In 1988, it began operating a trading desk. In 1985, BRED took a foothold overseas in Reunion Island. The following year, it began operations in Guadeloupe, then in Martinique (1990). As of 1986, it linked its IT centre in Créteil, near Paris, to the Reunion Island branches by satellite. Within three seconds, the overseas branches had

the same information available as the mainland branches. BRED also continued expanding and renovating its network. A single graphic style was adopted and the BRED logo became more prominent on the facades of branches. The interior space was made open-plan, with the old counters converted to open reception areas. In 1986, 128 branches were renovated.





## A COMMERCIAL BANK IN MAINLAND AND OVERSEAS FRANCE AND IN OTHER COUNTRIES

1990  
2010

At the start of the 1990s, BRED was hit hard by the property crisis. It resisted by focusing on its core business, local commercial banking. Between 1993 and 1997, self-service banking was increasingly introduced, aiming to free up counter time to be used for advice activities. In 1993, BRED opened Alodis, one of the very first telephone platforms in France, which became BRED Direct

in 1995. In the same year, it opened an internet banking site. BRED also developed niches of specialist expertise, particularly cash management for corporate and institutional customers. It lost no time in investing in e-commerce and digital certification. It sped up its overseas development with the purchase of the Crédit Martiniquais followed by four credit companies in the Caribbean, French Guiana and Reunion Island. It invested in the equity

of Banque Calédonienne d'Investissement (BCI) in 2006 and of Socredo, the leading Polynesian banking network, in 2007. As of the same year, BRED's international diversification continued in countries with a strong growth momentum. It acquired BCI Red Sea in Djibouti (2007) and created BRED Vanuatu (2008).



## “BANKING WITHOUT DISTANCE” IN FRANCE AND ABROAD

**2010** In a regulatory and technological environment undergoing profound transformation, BRED pressed ahead with its growth, and very soon introduced the strategy of “banking without distance”. This promise is bound up in a global relationship of proximity in which digital plays a key part, while strengthening both human contact and added value, delivered to the customer through a massive investment in training and in new technologies. BRED thus retains

the spirit of a bank that is cooperative, modern and profoundly human. The digital revolution is changing customer expectations. BRED has adapted and organised its agencies so that it can offer its customers advice either face-to-face or remotely. The organisation of the network is optimised to make all its areas of expertise accessible in all its agencies. A highly reputed corporate bank, BRED promotes synergies between all its divisions and offers solutions for companies of all sizes. It is capable of making high-end

services normally associated with large corporations available for small and medium-size companies (SMEs). BRED has continued to expand its banking in Oceania, Southeast Asia and the Horn of Africa. It opened the Banque Franco-Lao in 2010, BRED Bank Fiji in 2012, BRED Bank Cambodia and BRED Bank Solomon in 2017. Meanwhile, it had purchased minority stakes in BCEL in Laos (2010) and in Acleda in Cambodia (2011). It also opened representative offices in Myanmar in 2014 and Ethiopia in 2015.

## BRED, BANKING WITHOUT DISTANCE

BRED is a member of the Banque Populaire group of cooperative banks. It has 200,000 cooperative members, €4.4 billion of equity capital and 5,500 employees, 25% of whom are located outside France or in the French overseas territories. Its core business is commercial banking in France through its regional operation in Greater Paris, Seine-et-Marne/Aisne, Normandy, Reunion Island, Mayotte, Guadeloupe, the Northern Islands, Martinique and French Guiana. A bank committed to its communities, its French network consists of 114 branches and 322 agencies, 16 business centres, 13 asset management centres and a wealth management division. It maintains long-term relationships with more than one million clients.

BRED Banque Populaire, a member of the BPCE Group, is engaged in a range of diversified businesses – retail banking, corporate and institutional banking, private banking, international banking, asset management, securities trading, an insurance company and international trade. It also carries out its commercial banking business through its banking subsidiaries in Southeast Asia, the Pacific and the Horn of Africa.

In 2018, BRED recorded consolidated NBI of €1,191 million (+3.4%). Excluding non-recurring items, NBI rose by 4.6%, and net profit stood at €277 million, an increase of 8%.

**€4.4 billion**  
OF EQUITY  
CAPITAL

**200,000**  
COOPERATIVE  
MEMBERS

**5,500**  
EMPLOYEES INCLUDING 25% OUTSIDE FRANCE  
AND IN OVERSEAS TERRITORIES





## MAINLAND FRANCE

3,300 employees

### In Normandy

19 branches including  
68 agencies \*

### In the Paris region

66 branches including  
– 2 head offices, in  
Paris and Joinville  
– 204 agencies \*

## FRENCH OVERSEAS TERRITORIES

800 employees

### In Martinique and French Guiana

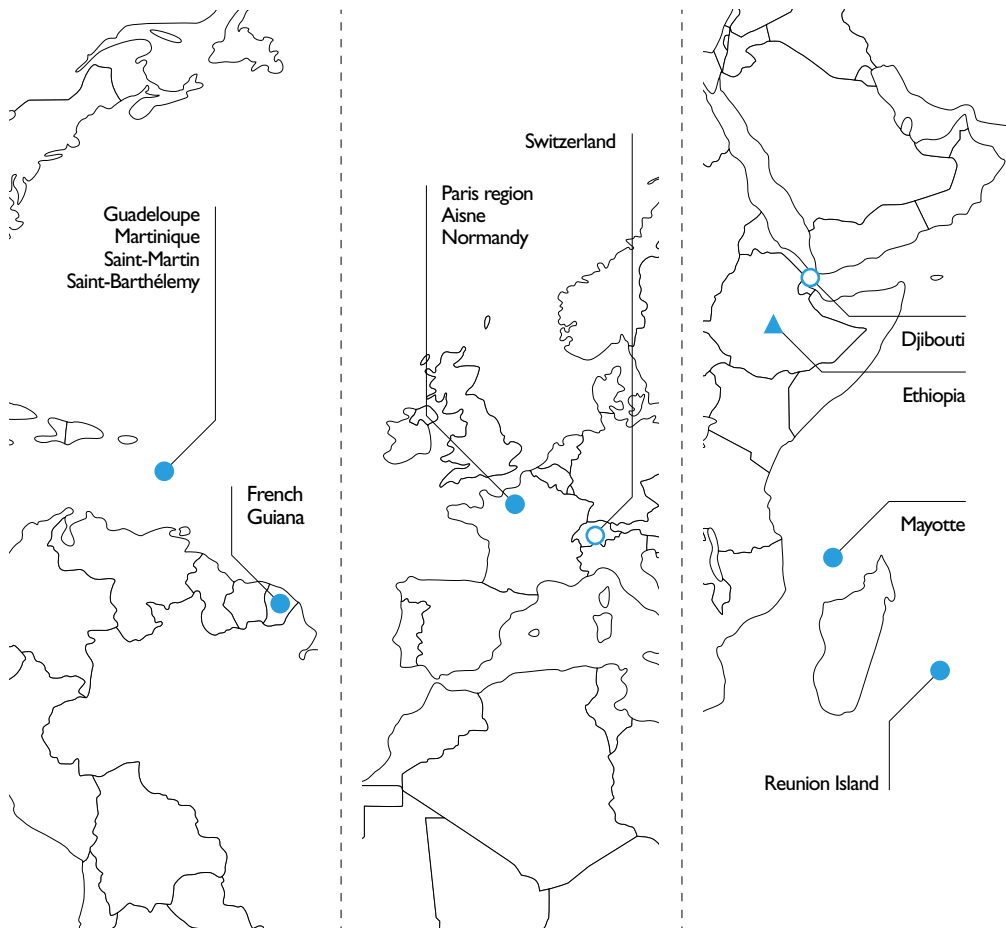
8 branches including  
36 agencies \*

### In Guadeloupe-Northern Islands

9 branches including  
27 agencies \*

### In Reunion Island and Mayotte

12 branches including  
39 agencies \*



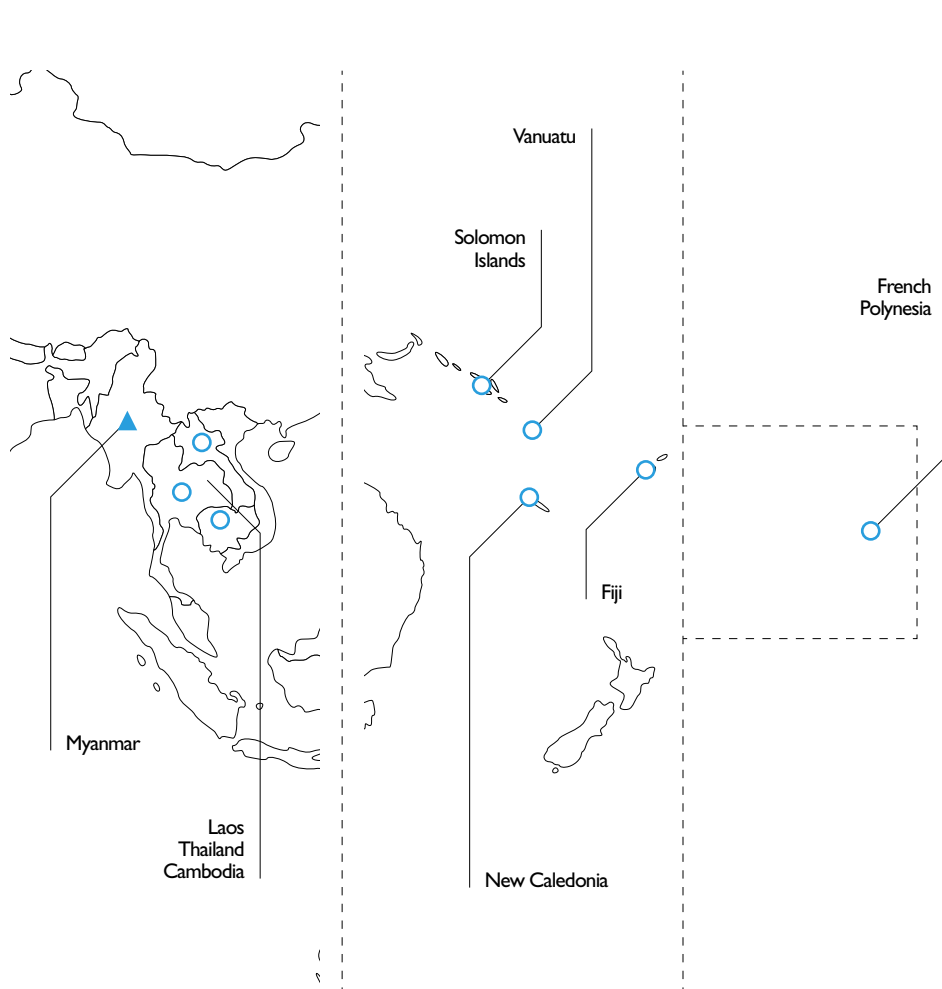
## IN EUROPE

40 employees

### • BIC BRED: international trade financing

- Paris (head office)
- Switzerland - 1 subsidiary in Geneva:  
BIC-BRED (Suisse) SA

\* agencies, business centres, wealth management centres, agencies dedicated to independent professionals and specialised agencies



- BRED
- Subsidiary or equity interest
- ▲ Representative offices

## IN OCEANIA

680 employees

- **BCI NC – New Caledonia**
  - 28 agencies
  - 5 part-time agencies
  - 1 bureau de change
- **BVL – Vanuatu**
  - 2 agencies in Vanuatu
  - 1 branch in the Solomon Islands
- **BBS – Solomon Islands**
  - 1 agency (head office)
- **BBF – Fiji**
  - 6 retail branches

## IN THE HORN OF AFRICA

250 employees

- **BCI MR – Djibouti**
  - agencies including two in the regions (Ali Sabieh and Tadjourah)
  - 2 centres for corporate clients
  - 1 representative office in Ethiopia (Addis Ababa)

## IN SOUTHEAST ASIA

280 employees

- **BFL – Laos**
  - 12 agencies in 5 cities including one women only banking branch in Vientiane
- **BBC – Cambodia**
  - 1 agency

BRED also operates:

- in Myanmar; through a representative office
- in Thailand, where BRED IT, a subsidiary providing a specialised IT platform for foreign banks, is based.

MESSAGE  
FROM THE CHAIRMAN

STÈVE GENTILI  
Chairman

REINVENTING OURSELVES  
YET REMAINING TRUE  
TO OURSELVES

2019 sees BRED celebrating 100 years of commitment, activity and innovation that have supported the development of the communities where its operations are established. 100 years during which the bank has never ceased to reinvent itself while remaining faithful to itself and to its primary purpose of employing its vital forces for the benefit of its members and their projects.

It is by the measure of being faithful to its cooperative commitment – and its capacity for resilience in an unfavourable economic and regulatory environment for the banking sector – that we should consider BRED's excellent results for 2018. Even though the banking sector is confronted by financialisation combined with the banking globalisation and dematerialisation heralded by the digital era, BRED, consistently with its values, has chosen to put its faith in people and in its regional roots, providing its customers with digital tools designed to the highest standards.

For BRED, which remains more committed than ever to its longstanding mission of providing credit for all, new energies are everywhere – in all its communities, in France and abroad, in all environments, all economic sectors – that will help achieve an economic turnaround.

We have successfully turned the corner of digital technology, but digital tools haven't replaced people; they reinforce them, rather. In the era of artificial intelligence, what is most important to us is that none of this hinders our members in their daily lives, but serves them. The dematerialisation of our services goes hand-in-hand with the importance that our agencies accord to a close relationship with our advisors, whether face-to-face in the agency or online.

Sharing the running of a cooperative bank also means defending a way of life, being committed to a certain idea of society. This is why BRED supports projects and initiatives that promote social integration and equal opportunities, microcredit and cultural and sports development. More than ever, we are fighting for the future, for progress – progress that is not only technological and material, but is also progress over which we can exert control, like when we started out, for the benefit of people.

This is our ambition. It has motivated the BRED adventure for over a century now, and it will be its *raison d'être* for a long time to come.

STÈVE GENTILI  
Chairman





MESSAGE  
FROM THE CEO

OLIVIER KLEIN  
CEO



100 years already!

It's a hundred years since it was created in the Paris region by businessmen who were dissatisfied with the traditional banks.

How many events and upheavals has BRED survived over all these years, in common with its counterparts in the banking sector!

But never has the future of banking been in question more than it is today. Many a commentator, futurist and experienced forecaster regularly tries to predict the future of banking, often falling into catastrophe scenarios.

The question of the future of commercial banking, in our view, boils down to this: will network banks finally be disintermediated and become an endangered species, as they are unsuitable for new uses and have been supplanted by new players? Or, based on the invariant and essential nature of the economic and social role they play, will they discover the levers to develop much more than hitherto a strong, ethical and useful relationship of proximity with

their customers, providing them with the service and added value at the level they expect? And so provide an appropriate response to their changed behaviour and their rightful additional demands?

The answer to this is not only a question of conviction, but above all the result of a reasoned analysis.

At BRED, far from introducing too much introspection, our strategy is a choice to carry out "banking without distance". Banking without distance means being one of the best in digital technology, but as a necessary but not sufficient condition, to ensure a relationship with customers that will be sustainably profitable and will create loyalty. It also means continually promoting a bank that is always moving closer to its customers; a bank of relationships, a more human bank; one that provides advice with high added value and is capable of offering customers an impeccable service, whether they are visiting our agencies and offices, on the phone or communicating by email, or are in their own premises.

— — —



So banking without distance means abolishing distance, both physical and relational. Making sure that customers are never kept at a distance. Relying on the three basic factors of relational proximity – the cooperative shareholder base, short decision-making circuits and the accessibility of management; three factors that ensure maximum commitment from our teams, because they give us a better understanding of our customers' life projects and business projects. We are able to accurately anticipate their expectations and any changes they experience, and so respond meaningfully and efficiently. This is what allows us to maintain a lasting, profitable relationship with them, with mutual trust.

These principles hold true for us in all our geographies. In mainland France and the French Overseas Territories, as well as in the emerging countries where we have set up operations. And no matter what the type of clientele, private individuals, including private banking, professionals, companies of all sizes, institutional players, etc.

Apart from innovations and developments in terms of organisation and customer approach, this strategy entails a constant high-level investment both in our human capital and in new technologies. With human and digital working in partnership, we will be able to rigorously respect the essence of the banking relationship, while incorporating optimally all the changes occurring in the way our customers use their banks.

This philosophy of action, which is well understood and shared, is driven with confidence and with commitment by all the BRED Group's employees.

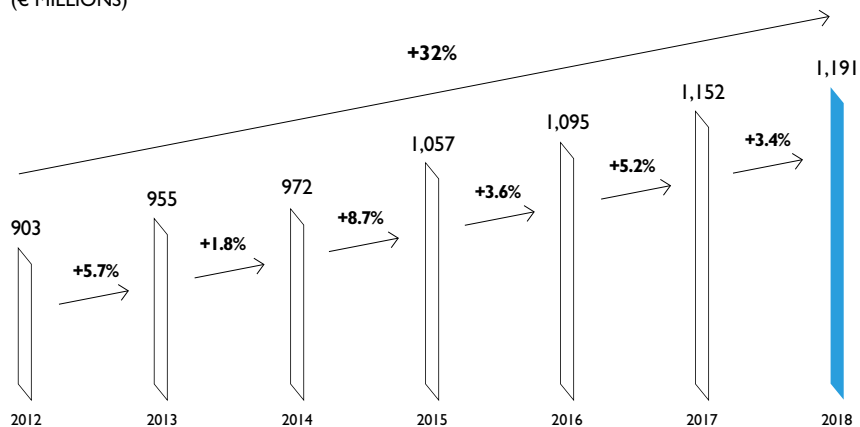
Because our strategy is so closely linked to our cooperative banking DNA and to the entrepreneurial values on which we were founded and which have allowed us to grow, it will make BRED a more dynamic and more adaptable bank. If it can sustainably perpetuate its own virtues, I am in no doubt that it will be perfectly capable of fulfilling its role and maintaining its influence for the next hundred years!

OLIVIER KLEIN  
CEO

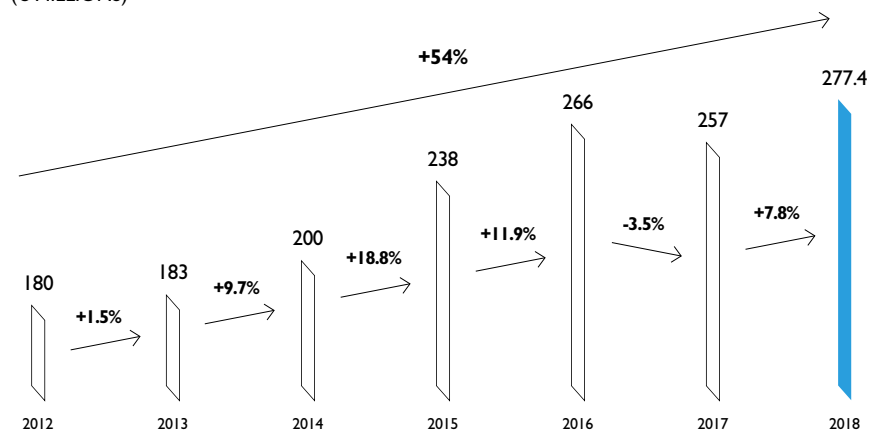
CONSOLIDATED NBI  
2018

€1,191 million +3.4%

GROWTH IN BRED'S CONSOLIDATED NET BANKING INCOME  
(€ MILLIONS)



GROWTH IN BRED'S CONSOLIDATED NET PROFIT  
(€ MILLIONS)



**“Net profit stood at €277.4 million, an increase of 54% since 2012.”**

## FIVE PILLARS OF BANKING WITHOUT DISTANCE

■ Banking without distance also means that the bank doesn't keep its customers at a distance.

### **Accessibility: the freedom to choose your mode of relations**

We endeavour to offer the best service through all our distribution channels. Whatever the modes of communication, customers have to be able to interact at any time with their bank.

### **Listening, empathising, responding**

We focus on the way in which we listen to the requests of our customers. This entails monitoring each customer's satisfaction, ensuring that every employee in an agency takes a turn at manning the reception desk and a simplification of procedures.

### **Convenient everyday operations, more autonomy for customers**

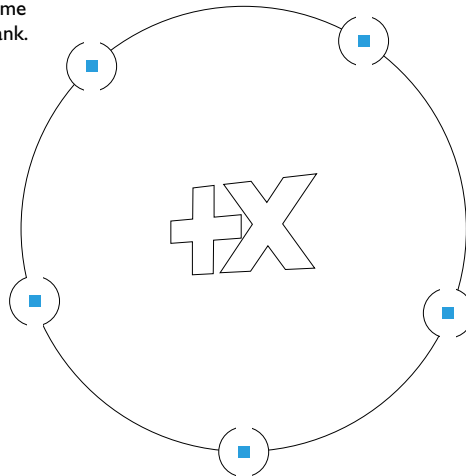
Banking convenience is based on technological developments that encourage customer autonomy, sharing information (an SMS sent to track each stage of a credit application, to confirm a transfer, etc.) and organisation of the service.

### **A proactive anticipation of customers' needs**

Reaching out to customers with appropriate proposals involves a personal relationship established over time. This is based on detailed knowledge of customers and regular conversations, whether in the agency or remotely, about their personal and professional projects.

### **Cooperative values, regional roots**

As a cooperative bank owned by its customer-members, BRED develops in accordance with the interests of its clientele. The profits it makes, 95% of which are taken back into reserves, strengthen its equity and finance productive investment. Deeply rooted in the regions in which it operates, BRED redistributes the savings it receives as loans.







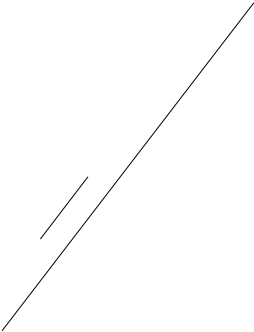
■ We are proud of our vision of the bank  
as a player in the economy.





# #InAction

ACTING OVER THE LONG  
TERM IN THE INTEREST  
OF OUR CUSTOMERS

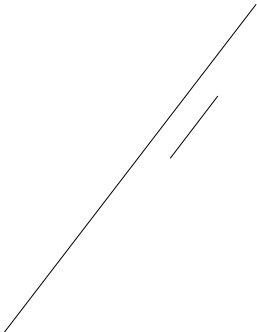


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■ At every level, understanding, sharing and jointly developing the strategy and organisation that are needed.

■ The school for BRED advisors emphasises the need for proactive behaviour and includes intensive work on the telephone platform.

**#InAction**  
**#RelationalBanking**



**A reinforced branch network**

At the end of the first half of 2018, BRED revised the organisation of its branch network, making improvements that benefit both employees and customers. The role of managers now consists in directing the commercial activity of their teams and managing change. Decision-making processes have been shortened. Employees are constantly strengthening their skills to improve the quality of the service offered to customers.

**Launch of the school for BRED advisors**

January saw the opening of the school for BRED advisors, an in-house facility where all new advisors will now spend three months, reflecting the importance that is attached to their training.

BRED, which favours the added value of personalised advisory services, continues to recruit and train advisors. The figures speak for themselves: in 2018, BRED invested approximately 6% of its payroll (roughly six times the legal minimum) on training.

“Bringing relational local banking to life so that we achieve a constantly higher quality of service and of advice.”

ÉRIC MONTAGNE  
Deputy CEO



*“To meet our customers’ expectations for greater convenience, greater availability and more advice (as our quality surveys testify), we have chosen banking without distance. It is expert banking that combines human and digital elements; it is proactive and accessible via all channels. The underlying aim of recent changes in our commercial structure is to bring to life our relational model of local banking.*

*We are striving to optimise the presence and the efficiency of our sales teams with respect to all our customers and in all our communities. We are able to leverage the combined force of teams led by a single manager as well as the presence of expertise at all our sites. With their focus now on this essential function, our managers will be able to provide more support for their teams, which will be more specialised, more proactive and quicker to respond, allowing us to deal optimally with our customers’ requests and with their life and business projects. We see this quality of service as a vital priority.”*







### BRED refurbishes its Wealth Management facilities in Normandy

BRED, which is aiming to double its business in private banking by 2020, has decided to spruce up its facilities in Normandy. In February, a fully refurbished Rouen wealth management centre was inaugurated at a ceremony attended by Yvon Robert, mayor of Rouen, and Damien Adam, MP for Seine-Maritime. In October, it was the turn of the Caen wealth management centre to open brand new premises.

### A new call centre for customer relations

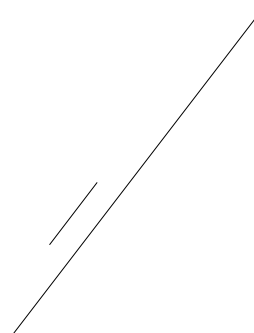
BRED has decided to open a new customer relations call centre in Caen, Normandy, with the aim of increasing capacity for handling phone calls from our customers. It will make it possible to intensify the response to customers' requests while freeing up commercial time in the agency for value added advice. Teams have been recruited both internally and externally. A further benefit is that it provides job opportunities for young people in the regions concerned. It also constitutes additional openings for career development for BRED employees, with the creation of paths between the agencies and BRED Direct, and vice versa. A second call centre will open in 2019 in Fort-de-France, Martinique.

### New BRED agencies for independent professionals

Following Paris and Rouen, BRED opened an agency specifically for independent professionals in Caen in autumn 2018. Specialists who are familiar with specific issues relating to these customers are dedicated to them. The concept has already been successfully implemented by the overseas network, which recently opened a new agency specifically for independent professionals in Cayenne, French Guiana.

### A new look for our agencies

Since 2016, BRED has been undertaking a vast programme to renovate its network of agencies. The new concept seeks to offer customers an excellent welcome while creating an environment conducive to a proactive approach and to commercial efficiency. The aim is also for our agencies to be more modern and more connected, in line with new uses for our customers (new-generation ATMs, digital screens, etc.).



**47**  
AGENCIES IN THE BRED NETWORK  
WERE RENOVATED IN 2018 IN ACCORDANCE  
WITH THE NEW BANKING WITHOUT  
DISTANCE CONCEPT.



#InAction  
#Agility

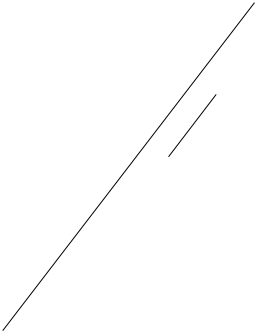
**BREDConnect becomes  
even more convenient and ergonomic**

Big improvements were made to both the website and mobile app versions of BRED-Connect, the personal space for transaction banking.

More intuitive browsing allows users greater ease of access to their accounts (ordinary accounts, savings accounts, shares, life insurance, loans, accounts held at other banks, etc.) and better support in managing their day-to-day budgets.

A number of new services have also been added to BREDConnect:

- managing credit card ceilings (monitoring use and modification),
- authorisation or blockage of payments made online or abroad,
- ordering funds, for professionals and private individuals,
- making an appointment with your own advisor for a meeting in the agency or by telephone.



*With a single click, you can make  
an appointment for a conversation  
with your own advisor, either in the agency  
or by telephone.*

**2<sup>nd</sup>**  
THE NEW BRED APP STANDS IN 2<sup>ND</sup> PLACE  
AMONG BANKING APPS, AHEAD OF MOBILE  
BANKS AND ONLINE BANKS



## #InAction #Innovation

### BRED innovates with Google Home

BRED was the first bank to offer account management using Google Home. As of summer 2018, BRED customers are able to use Google Home to consult their accounts, call their advisor or make a transfer from one account to another, a first in France! This innovation has enabled BRED to further expand its range of remote services, without losing its commitment to high-quality advice and close relationships.

### Discover Samsung Pay!

Simple and convenient "contactless" mobile payment is a fast and secure solution for making contactless purchases. Following Apple Pay, BRED is giving its customers the chance to pay for their shopping with a simple gesture using Samsung Pay.



### KYC: an offer from Vialink and Docapost

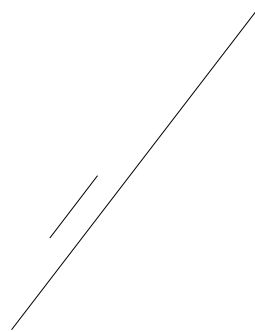
The globalisation of trade and the digitalisation of society as a whole have resulted in more stringent regulations to battle against fraud and money laundering and to protect personal data (GDPR). Vialink, a subsidiary of BRED, has joined forces with Docapost, a subsidiary of the La Poste Group, to create KYC (Know Your Customer), a comprehensive offer combining the computing power of artificial intelligence with human capacities for analysis and expertise.





Guy Cormier, Chairman of Caisses Desjardins, Olivier Klein, CEO of BRED, Michel Roux, General Manager at FNBP (National Federation of Banques Populaires) and Lucia Baldino, Managing Director of Desjardins Europe.

Coopérathon  
2018



**BRED runs the first edition of French Cooperathon, the world's largest open innovation competition**

The Cooperathon, launched in Quebec in 2016 by the Caisses Desjardins group and promoted in France by BRED and its innovation lab, The Factory, is the world's largest open innovation competition. It is organised around four themes – health, education, finance and environment. The innovative projects presented concern one of the four themes, and must comply with the United Nations Sustainable Development Goals.

**Sharing cooperative values**

110 meetings of cooperative members were organised by the branches in 2018, twice as many as in 2017. They allow BRED to mark its difference as a cooperative bank by involving its customer-members in decisions concerning the bank, of which they are the sole owners.

**€176 million**

A CAPITAL INCREASE BETWEEN SEPTEMBER 6 AND DECEMBER 6, 2018 RAISED A RECORD AMOUNT OF €176 MILLION AND ALLOWED US TO ACQUIRE APPROXIMATELY 10,000 NEW MEMBERS.

BRED is committed to the harmonious and sustainable development of society and communities.



### BRED signs up to an SME banking finance charter

On November 12, 2018, BRED and the Paris Île-de-France Chamber of Commerce and Industry signed an SME Banking Finance charter. BRED will participate in a structure created by the Paris Île-de-France CCI to facilitate the financing of SMEs wishing to tender for contracts for Grand Paris projects.

### BRED arranges an OBO (Owner Buy Out) in Guadeloupe

To develop new projects through buyouts or creations, Tropical Forest Park, a leading family-owned group in tourism parks in Guadeloupe, Martinique and French Guiana

(400,000 annual visitors), wanted to launch an OBO operation to open its capital to managers and investors. BRED acted as arranger of the debt.

### €8.8 million

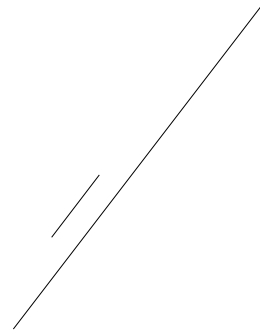
ADAXTRA CAPITAL HAD OPENED ADAXTRA SELECTION, THE FIRST PROFESSIONAL CAPITAL INVESTMENT FUND INTENDED FOR HIGH NET WORTH AND INSTITUTIONAL CLIENTS. IN JULY 2018, €8.8 MILLION WAS RAISED FOR THIS FUND.

### €30 million

BRED SUPPORTED THE NEU MTN (NEGOTIABLE EUROPEAN MEDIUM-TERM NOTE) PROGRAMME PUT IN PLACE BY A LEADING PLAYER IN THE AGRI-FOODS SECTOR, SEEKING TO DIVERSIFY ITS PALLET OF FINANCE TOOLS. THE GROUP ASKED BRED TO ARRANGE THE FIRST THREE ISSUES WITH MATURITIES OF 3 TO 5 YEARS, FOR A TOTAL OF €30 MILLION.







#### Inauguration of BRED Bank Solomon

The fourth largest operational commercial bank and the only European bank present in the Solomon Islands, BRED Bank Solomon began operating in 2017 in Honiara, capital of the Solomon Islands. Initially it targeted the corporate market. It opened to the general public in the early months of 2018.

#### A new mobile banking app

In October 2018, the second version of the BRED mobile banking application intended for foreign subsidiaries was launched in Laos, in IOS and Android versions. Subsidiaries in Fiji, Cambodia and Djibouti will follow suit at the end of the year. Offering more fluid ergonomics, the new app respects specific regional features, including the use of local languages and dialects.

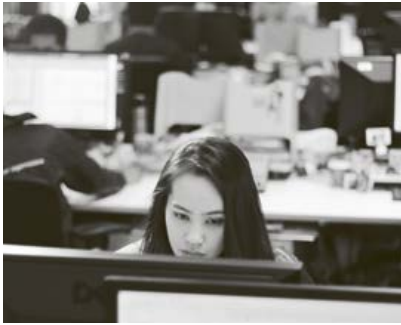
#### BRED Bank Cambodia in Siem Reap

In October 2018, BRED Bank Cambodia opened a new agency in Siem Reap province. This is the second agency of the BRED subsidiary, which has been operating in Cambodia for a year and a half. The first was in the Tuol Kork district in Phnom Penh. The only French and European bank operating in the country, BRED Bank Cambodia now has around 2,000 customers. The bank plans to open 15 agencies in Cambodia by 2020, and will have a footprint in all parts of the kingdom.

#### 30 YEARS OLD

VERY HAPPY BIRTHDAY TO BRED'S SUBSIDIARY, BCI NEW CALEDONIA! BCI NC CELEBRATED ITS 30TH ANNIVERSARY IN JULY 2018. THE YOUNGEST OF NEW CALEDONIA'S FOUR BANKS, IT IS THE LOCAL LEADER TODAY.





■ Close ties with our members are found in the joint development of products and services.





# #Offers

ADVICE IS CENTRAL  
TO GOOD RELATIONS

#RetailCustomers	36
#HighNetWorthClients	38
#Professionals	40
#SMEs	42
#CorporateBanking	44
#International	46

### Facilitating our customers' daily lives and anticipating their needs

We do everything to ensure that our customers are always given the most appropriate answer for their needs and their lifestyles.

This starts with a free choice with respect to how they want to consult their accounts and carry out routine operations, whether in the agency with their advisor or directly in the self-service areas accessible between 6 a.m. and 10 p.m., or autonomously using the bred.fr website or the smartphone app.

It is also a value added service built on personalised advice. Our advisors know their customers well and can respond quickly in handling their requests. Better still, they can anticipate these requests, offer advice adapted to each stage of their lives and provide follow-up over time. This is made possible by an increasingly agile organisation, an innovative technological infrastructure and, most importantly, employees who constantly enhance their expertise.

*Digital technology combines with the human touch  
to provide banking without distance*

**79%**  
OF PEOPLE CHECK  
THEIR ACCOUNTS  
ON THEIR BANK'S  
WEBSITE

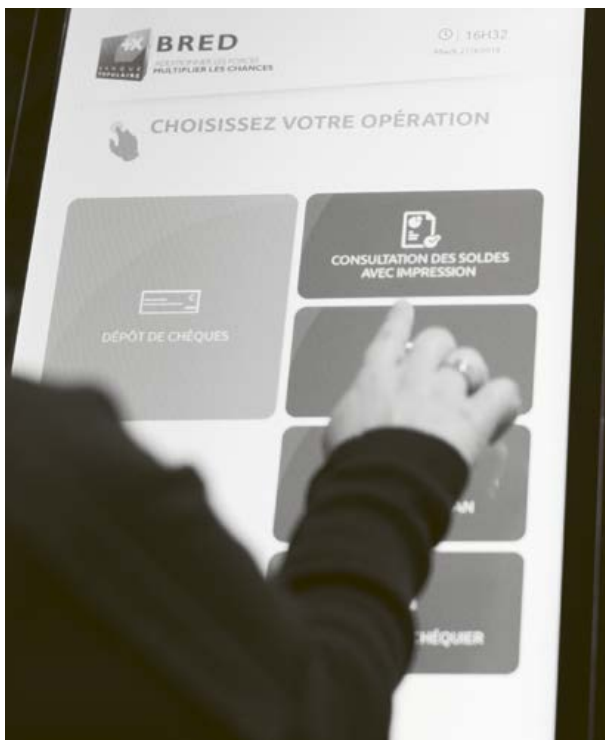
**70%**  
OF CUSTOMERS  
SAY THAT GOOD  
RELATIONS  
WITH THEIR  
ADVISOR ARE  
INDISPENSABLE

**11.3**  
CONSULTATIONS  
OF BANKING APPS  
PER MONTH ON  
AVERAGE

**1st**  
SELECTION  
CRITERION FOR  
A COMMERCIAL  
BANK: THE LOCAL  
AGENCY

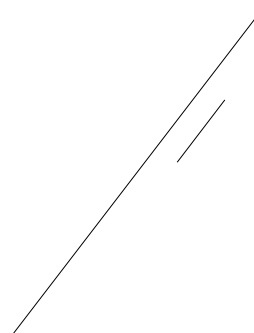
Sources: French Banking  
Federation, latribune.fr,  
frenchweb.fr





**#Offers**  
**#HighNetWorthClients**

■ A comprehensive, high-end service for our customers.



**Specialist management  
for high net worth clients**

BRED Banque Privée provides all its clients with the expertise of its advisors to deal with their concerns with regard to structuring and managing their assets and their liabilities. It is organised to provide wealth management services that are adapted to customer typologies. Synergies are facilitated between the branch network and wealth management centres, as well as the Cercle Premier centre dedicated to high-level wealth management services.

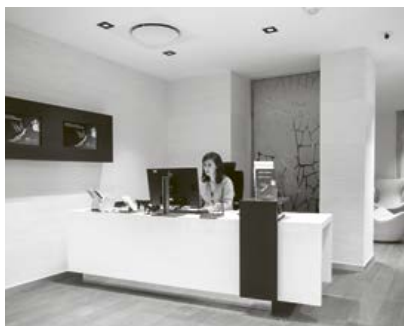
Its specialists in wealth, financial and property engineering, alongside the trading desk and insurance and asset management subsidiaries, offer tailored, open architecture solutions that respect customers' investment profiles. Well-informed wealth management clients can also participate in venture capital investments through Adaxtra Capital, a subsidiary of BRED. Our wealth management centres are generally located on the same sites as our business centres dedicated to SMEs so that company owners can easily deal with matters relating to their private assets as well as the transmission of their business.

**155**  
PRIVATE BANKING  
ADVISORS IN  
OUR AGENCIES

**13**  
WEALTH  
MANAGEMENT  
CENTRES AT  
REGIONAL LEVEL

**1**  
"CERCLE PREMIER"  
DEDICATED  
TO HIGH-LEVEL  
SERVICES IN WEALTH  
MANAGEMENT





## #Offers #Professionals

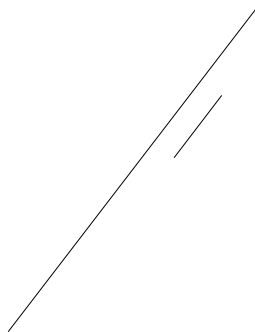
### Highly specialised advice for professionals

Professional customers have a single advisor who deals with both their private and professional issues, if necessary calling in our experts in cash flow, insurance, social engineering, franchising, international development, etc.

Specialist advisors are also available for them in our agencies and through BRED Banque Privée for advice on matters such as wealth management, legal issues and personal protection.

Following a concept that began in the French Overseas Territories, specialised agencies for independent professionals have opened in the heart of Paris and in Normandy. Experts who are extremely familiar with issues relating to each profession are available for professionals in all the regions where we operate. BRED has also put in place a team of specialists in the farming sector.

BRED supports professionals in their day-to-day business by facilitating the management of their accounts and the financing of their development, particularly by limiting formalities and the need for personal guarantees, as well as by reducing the time needed for processing.





#Offers  
#SMEs

BRED is a bank of entrepreneurs  
that works with entrepreneurs.

### Frontline senior banker for SMEs and their owners

A frontline banker for SMEs and their owners, BRED operates 13 business centres, which report directly to regional management in order to speed up the decision-making process. A single advisor, highly experienced in issues affecting company owners, advises and supports them at each stage in the life of the company, taking into account the inheritance value of the asset.

Our business centres work closely with BRED's various expert units (financing solutions department, cash flow specialists, international specialists, trading desk, BRED Banque Privée, subsidiaries, etc.). The bank has also honed its organisation according to the size and nature of companies so that each business can benefit from more specific support when it is experiencing fast growth or operates internationally.

*Our advisors can help with transferring  
growing businesses, shareholder  
restructuring and international growth.  
For more information: [https://www.bred.fr/  
entreprises/articles/devenir-client-pme](https://www.bred.fr/entreprises/articles/devenir-client-pme)*

**1,230**  
IN 2018, OUR BUSINESS  
CENTRES FINANCED 1,230  
PROJECTS FOR €576 MILLION.





#Offers  
#CorporateBanking

■ We believe in the creativity of companies,  
in their capacity for innovation  
and in their energy.

BGC

### An enduring relationship with companies and institutional clients

BRED is a key partner for institutional clients, companies and real estate professionals. Our Corporate Banking department has developed enduring commercial relations with companies and institutional clients that result from a thorough understanding of their markets and an anticipation of their expectations. Each customer works on a long-term basis with a sector specialist, who is central to the commercial relationship and is the interface with our expert units, proposing tailored, innovative solutions that will generate value.

Customers can benefit from our expertise in cash management, exchange rate and interest rate risk hedging, cash flow processing and international commerce. Our trading desk, exclusively available to our customers, offers them services including foreign exchange, interest rate management, money market investments and bonds. We also meet specific needs of real estate professionals through financing offers tailored to the specific requirements of certain operators, while still maintaining rigorous risk management.

■ **€1 billion**  
OUR TRADING  
DESK INVESTS MORE  
THAN €1 BILLION OF  
COMMERCIAL PAPERS  
EVERY DAY.

■ A bank's added value lies in its capacity  
to support businesses in their development strategy.





## #Offers #International

### Experts and a network of correspondents

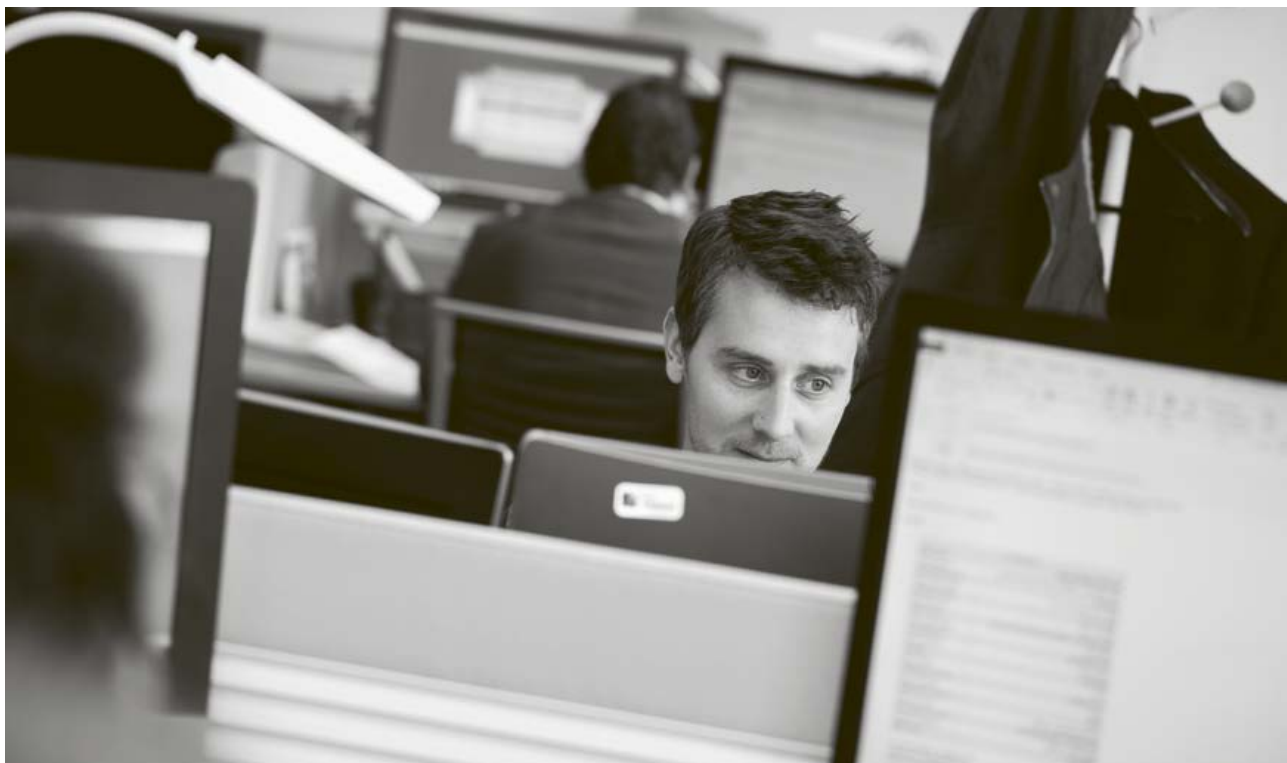
BRED can provide its customers with support for import-export operations as well as for setting up abroad thanks to its network of correspondent banks, constituted for the sake of pension payments in 150 countries, and taking full advantage of its physical presence in other countries.

### Regional hubs

BRED's international development strategy targets very dynamic zones and countries that still have a low level of banking. Physically present through retail banking operations in the South Pacific, Southeast Asia and the Horn of Africa, it is creating regional hubs that will enable development to take place through synergy.

BRED also operates an international trade financing business with one office in Paris and another in Geneva, offering specific types of finance to customers (companies and banks) in forms adapted to the structure of their operations.

**> €1 billion**  
OF DOCUMENTARY CREDITS  
WERE PROCESSED IN 2018,  
A 40% YEAR-ON-YEAR  
INCREASE.



■ At BRED, we believe  
in combining ethics with efficiency.

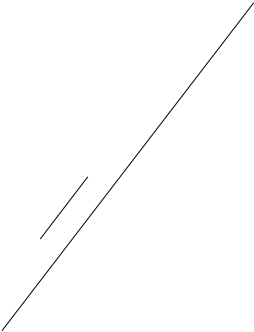






# #CooperativeDifference

HUMAN, RESPONSIBLE,  
COMMITTED, IN EACH  
OF ITS COMMUNITIES



#CooperativeModel	50
#HumanCapital	54
#SociallyResponsible	56

## #CooperativeDifference #CooperativeModel

*A bank that belongs  
to its members*

### Capital held in the form of cooperative shares

Eligible for share savings plans, BRED cooperative shares benefit from the same tax regime as shares but are not listed on the stock market. BRED does not charge either subscription fees or custody fees. The rate of remuneration is determined at the annual General Meeting of Shareholders. The success of our recent capital increase of €176 million, up 15% and 138% oversubscribed, reflects the popularity of our cooperative model among our customers.

### Development over the long term

Our cooperative status ensures that our customers' interests and those of BRED are perfectly aligned. BRED's entire share capital is held by its cooperative members, all of whom are customers. What is more, the fact that virtually all our profits are taken back into reserves gives us a solid foundation for our future development, with the medium and long term always in view.

### A specific form of governance

BRED is owned by its 200,000 customer-members. They are represented by the members of the Board of Directors, who are elected at the General Meeting of Shareholders. These directors, committed men and women from all walks of life, pay attention to clients' interests and take account of their needs and expectations. They are divided into several committees and their work serves to develop decisions taken at Board level.

### Close links with members

Meetings are regularly held in our agencies (110 were organised in 2018) to report on BRED's activities and projects and to answer members' questions. This dialogue is reinforced on the bred-societaires.fr website, a forum for information and conversations on topics relating to our cooperative model. There is also an element of joint development of BRED's products and services, which are trialled by some of its members.

■ We have remained faithful to our original commitment of enabling the economy to work for the benefit of men and women.





*A bank driven by its values  
of proximity, solidarity,  
entrepreneurship*

### Corporate culture

Our entrepreneurial values, strongly attached to social and human ties, work in favour of banking without distance, which is defined as an approach built on human relations and trust. This entrepreneurial spirit is also in line with BRED's strategy, which is driven by a taste for progress and a desire to innovate for the benefit of our customers.

### Social commitment

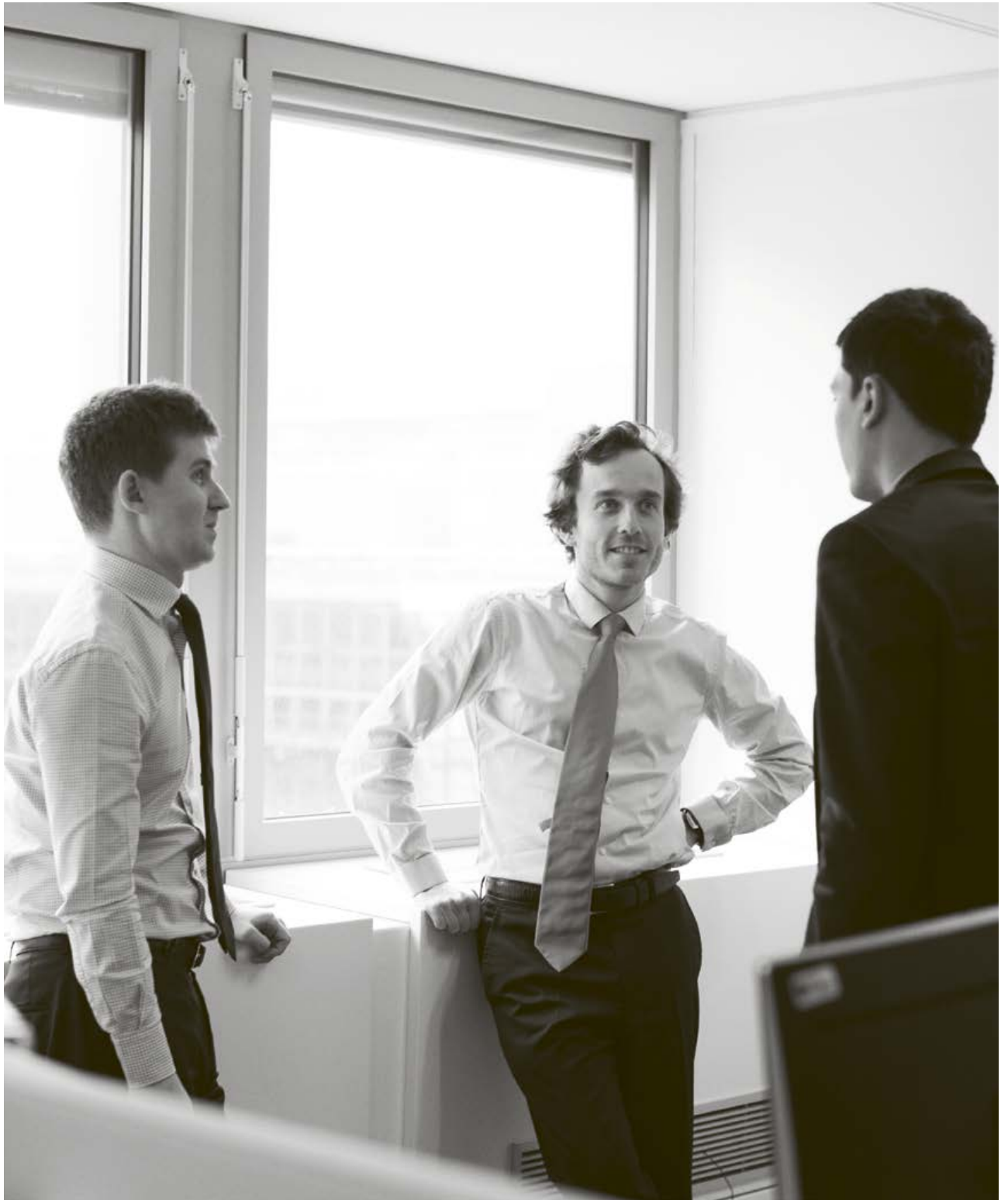
BRED shows its attachment to responsible development through its social practices and its activities within the community. It is very much involved in social inclusion and aid, and actively supports education and research. It also invests in equality of opportunity and supports numerous structures that work to allow people of talent to emerge and fulfil their potential, irrespective of background.

### Active partnerships

Originally founded by entrepreneurs seeking to foster regional development, BRED has forged links over many years with numerous players in local development: professional associations, chambers of trade and of commerce, micro-credit organisations and bodies promoting social and professional insertion. Thanks to its active cooperation with these organisations, BRED is increasingly able to adapt its services and activities to local realities.

### Support for regional development

By the nature of their organisation, cooperative banks are rooted in their communities. As a regional bank, BRED contributes to local economic development by supporting its customers' life projects and business projects. In 2018, our outstanding loans rose by 12% to €20.2 billion. The corporate sector (+€1.3 billion) and the retail sector (+€0.6 billion) both account for this growth.



■ Coping with constant changes in the economic situation means putting our trust in human intelligence. We are investing in the men and women of BRED who drive the success of banking without distance.

#CooperativeDifference  
#HumanCapital

Supporting the strategy of banking without distance

BRED remains faithful to its values by stressing the human dimension and the added value of advice in its relations with its customers. The social dimension of this strategy is driven by the bank's human resources policy; it entails a substantial investment in training, ongoing social dialogue and rewards for employees at the same time as collective recognition through profit-sharing agreements. The gender balance and social diversity are also very much taken into account when hiring and promoting people.

Training employees and advancing equality of opportunity

Our investment in training, which is equivalent to 6% of the annual payroll, aims to maintain our employees' skill levels and expertise, as does the creation of two in-house schools for advisors and managers. BRED's commitment to equal opportunities has been acknowledged by the receipt of a gender equality label awarded by the AFNOR.

Recognising BRED's men and women

The aim of our career management policy is for each employee to devise an individualised career management plan in conjunction with his or her manager. Anticipating the future needs of our business lines in terms of training and recruitment is a further aim of this system.

Our recent introduction of two specific areas of excellence, "expertise" and "management", reflects two basic priorities: the upskilling of our employees so that they provide increasingly high-quality services, and the crucial role played by managers in explaining, sharing and implementing the strategy.

The intention is also that each employee can contribute suggestions with regard to their direct environment, in their teams, and take part in organisational choices that will simplify their work routines and allow them to work better, improving our performance. This concerted management approach is encouraged by the human resources department, which is piloting it with all managers.

**465**  
EMPLOYEES HIRED,  
INCLUDING  
234 IN THE  
COMMERCIAL  
NETWORK

**200,000**  
HOURS OF  
TRAINING, AN  
AVERAGE OF  
48 HOURS PER  
EMPLOYEE

**100%**  
OF EMPLOYEES  
TOOK PART IN  
AT LEAST ONE  
TRAINING  
INITIATIVE

**6%**  
OF THE ANNUAL  
PAYROLL DEVOTED  
TO TRAINING  
(THE LEGAL  
MINIMUM IS 1%)

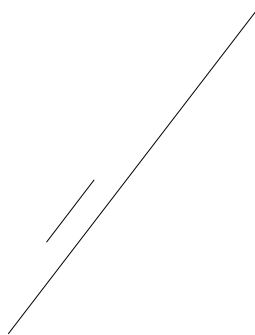




**#CooperativeDifference**  
**#SociallyResponsible**

■ It is natural that BRED's values play a key part at the heart of its business lines and business practices.

*A CSR policy that seeks to balance financial and non-financial performance*



**Our economic responsibility:  
doing our job as a local bank  
by developing the real economy  
of our communities**

Deeply rooted in the regions in which it operates, BRED redistributes the savings it receives as loans. Our members are encouraged to express their opinions on a collaborative internet platform and at meetings organised locally, where they can discuss the development of the services offered by their bank.

**Our social responsibility:  
encouraging initiatives for social  
cohesion in communities**

We have a sponsorship policy that supports partners working at local level to promote the economic and social integration of people in situations of difficulty, equal opportunities, the transmission of knowledge and the development of art and culture. In addition, we have provided specialised structures to assist vulnerable customers for some twenty years.

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**#CooperativeDifference**  
**#SociallyResponsible**

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#### **Our social responsibility: advancing equal opportunities**

Equal opportunities are vitally important for social cohesion and economic development in France. BRED's initiative to promote equal opportunities go beyond its own internal framework. In the regions where it operates, particularly overseas, BRED sponsors numerous associations and foundations that provide scholarships for deserving students and help young people who are disadvantaged and are struggling to find employment. BRED also grants advantageous unsecured student loans to young people supported by certain associations.

#### **Our environmental responsibility: reducing our environmental impact and supporting energy transition**

The annual update of our carbon footprint shows that we have reduced our overall energy consumption by 22% over the last three years. We are active in financing renewable energy projects and we have introduced a responsible credit policy which incorporates an assessment of environmental and social risks. These are also factored into our procurement policy, which maximises the use of local suppliers and the employment of people with disabilities.



■ We firmly believe that by doing our job well  
we are creating value for the economy.

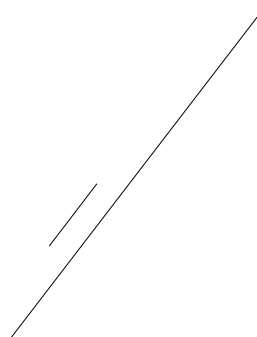






## #Results

IMPROVED PROFITS  
FOR THE SIXTH  
YEAR IN A ROW



#ConsolidatedResults

62

#Comments

63

## 2018 SUMMARY OF RESULTS

## CONSOLIDATED INCOME STATEMENT: KEY FIGURES

## BRED Group consolidated income statement (under IFRS 9)

(€ millions)

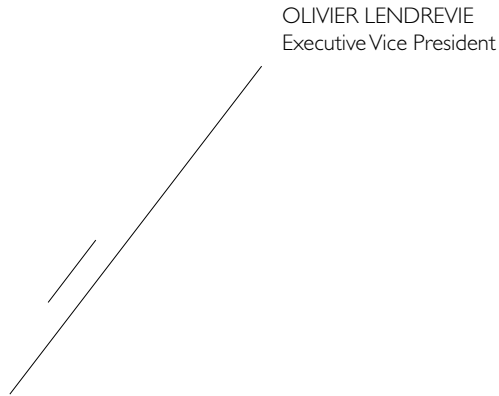
	2018	Progression
Net interest margin and similar income	728.9	2.7%
Fee income	462.2	4.5%
<b>Net banking income</b>	<b>1,191.2</b>	<b>3.4%</b>
Personnel costs	-413.3	2.9%
External services – excl. contribution to BPCE	-184.5	1.3%
Taxes and duties – excl. SRF	-29.2	3.9%
Depreciation and impairment	-38.6	3.3%
<b>Expenses – excl. SRF and contribution to BPCE</b>	<b>-665.5</b>	<b>2.5%</b>
SRF	-18.3	59.1%
Contribution to BPCE	-33.4	4.5%
<b>Expenses</b>	<b>-717.2</b>	<b>3.5%</b>
<b>Gross operating profit</b>	<b>473.9</b>	<b>3.2%</b>
Cost-to-income ratio	60.2%	0.1 pt
Cost of risk allocated	-76.1	-23.5%
Changes in collective provisions / IFRS 9 *	-33.0	NS
<b>Operating profit</b>	<b>364.8</b>	<b>-0.2%</b>
Share of profit of associates	24.0	-20.4%
Net gains or losses on other assets	-0.6	NS
Change in value of goodwill	0.0	NS
<b>Pre-tax profit</b>	<b>388.3</b>	<b>-1.1%</b>
Corporate income tax	-111.7	-17.8%
<b>Net profit</b>	<b>276.6</b>	<b>7.8%</b>
Minority interests	0.9	13.9%
<b>Net profit attributable to equity holders of the parent company</b>	<b>277.4</b>	<b>7.9%</b>

\* Collective and sectoral provisions are replaced by new allowances under IFRS 9 that entail a provisioning of all loans as soon as they are granted, even those that are not depreciated individually

## BRED Group consolidated income statement excluding non-recurring items (under IFRS 9)

(€ millions)

	2018	Progression
<b>Net banking income</b>	<b>1,185.9</b>	<b>4.6%</b>
<b>Expenses – excl. SRF and contribution to BPCE</b>	<b>-665.5</b>	<b>2.5%</b>
<b>Expenses</b>	<b>-717.2</b>	<b>3.5%</b>
<b>Gross operating profit</b>	<b>468.6</b>	<b>6.2%</b>
Cost-to-income ratio	60.5%	-0.6 pt
<b>Operating profit</b>	<b>359.5</b>	<b>3.4%</b>
<b>Pre-tax profit</b>	<b>386.0</b>	<b>3.1%</b>
<b>Net profit</b>	<b>274.7</b>	<b>7.2%</b>
<b>Net profit attributable to equity holders of the parent company</b>	<b>275.6</b>	<b>7.3%</b>



**Once again, for the sixth consecutive year, BRED's consolidated net banking income has risen, reaching €1,191 million.** Setting aside non-recurring items, growth in NBI stands at 4.6%, a figure that confirms the BRED Group's strategic choices.

Excluding the contribution to the Single Resolution Fund and the contribution to the central organ, the BRED Group's expenses rose 2.5%, reflecting the modernisation of the network and investments in digital technology as well as in training.

The cost-to-income ratio, one of the best in the French banking sector, was stable in 2018 at 60.2%. It has fallen regularly between 2012 and 2018, from 67.2% to 60.2%.

The cost of risk allocated stood at €76 million, down by 23%. The cost of risk incorporating the new IFRS 9 standards increased mechanically, however, owing to new methods of calculation.

The BRED Group enjoyed an excellent year in 2018, with net profits increasing by roughly 8% to €277 million. They have risen regularly from €180 million in 2012 to €277 million in 2018.

Group share of equity totalled €4.4 billion, up €411 million (10%) on the previous year thanks to the excellent level of net profits and a capital increase of €176 million open to cooperative members.

The CET1 solvency ratio was very solid at 16.0% and the overall ratio stood at 16.1% (the regulatory minimum is 10.88%).

The LCR liquidity ratio stood at 132.77% as at December 31, 2018, with a minimum regulatory requirement of 100%.



[www.bred.fr](http://www.bred.fr)

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governed by Articles L.512-2 et seq. of the  
Monetary and Financial code and by all  
legislation applicable to Banques Populaires  
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**GROUPE BPCE**



Cooperative, human,  
responsible, rooted in the  
regions, innovative, creating  
sustainable relations and  
with high added value:  
the bank of tomorrow  
is the BRED of today

Human  
Added value  
Innovation  
Proactive  
Responsive  
Confidence  
Faithful  
Solidarity  
Entrepreneurship  
Closeness  
Empathy  
Expertise  
Performance  
Ethics  
Membership  
Efficiency  
Wealth  
Long-term  
Talent  
Training  
Communities  
Anticipation  
Modernity  
Agility



100 ANS

*ET TOUJOURS  
EN AVANCE*