RISK REPORT

2021 - PILLAR III

GROUPE BPCE

Contents

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RISK REPORT

2021 - 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 risk exposure, risk assessment procedures and capital adequacy.

Pillar III therefore enhances minimum capital requirements (Pillar I) and the prudential supervision process (Pillar II).

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The English version of this report is a free translation from the original which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However in all matters of interpretation of information, views or opinion expressed therein the original language version of the document in French takes precedence over the translation.

Foreword

Regulation (EU) No. 2019/876 (CCR2) includes new provisions relating to the calculation of risk-weighted assets and new ratio requirements, applicable from June 28, 2021. The main impacts for Groupe BPCE are as follows:

- the leverage ratio and net stable funding ratio (NSFR) requirements become effective, with a minimum of 3% for leverage and 100% for the NSFR;
- a new Standardized Approach (SA-CCR), corresponding to the sum of the replacement cost and the calculated potential future exposure, is now applied to the calculation of the exposure value of derivatives; until now, this exposure was modeled using the mark-to-market method.

This report presents information on Groupe BPCE's risks; the format of the Pillar III tables changed on June 30, 2021 according to the technical standards defined by implementing regulation (EU) No. 2021/637.

Groupe BPCE has put an internal control framework in place to verify that the reported information is appropriate and compliant.

Structure of the Pillar III report

The Pillar III report is divided into 15 sections:

- Section 1 presents the key figures, the type of risks and the regulatory context;
- Section 2 is dedicated to risk factors;
- Section 3 explains the overall organization of Groupe BPCE's internal control system;
- Section 4 is dedicated to capital management and capital adequacy;
- the remaining sections provide detailed information on the main risks.

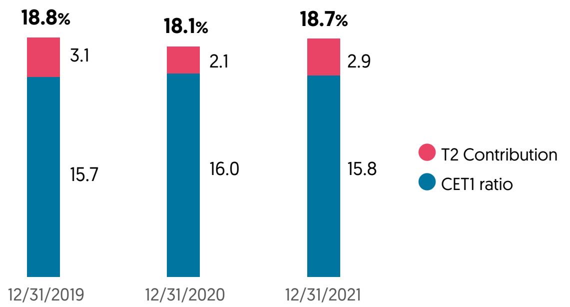
Each section describes the organizational and risk management principles, presents a summary of the key information and sets out detailed quantitative disclosure in a dedicated section.

1

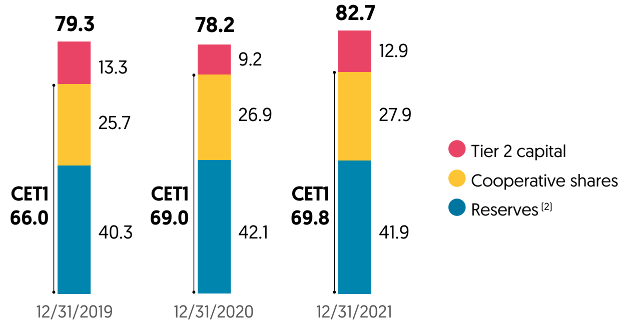
KEY FIGURES

KEY INDICATORS

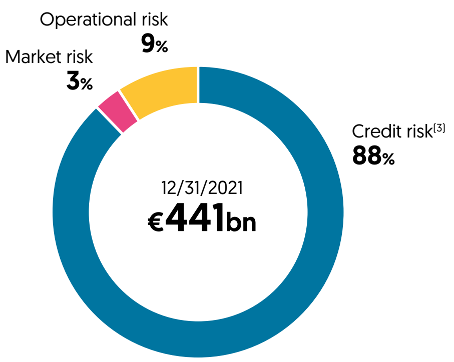
FULLY-LOADED CAPITAL RATIOS [1] *(as a %)*



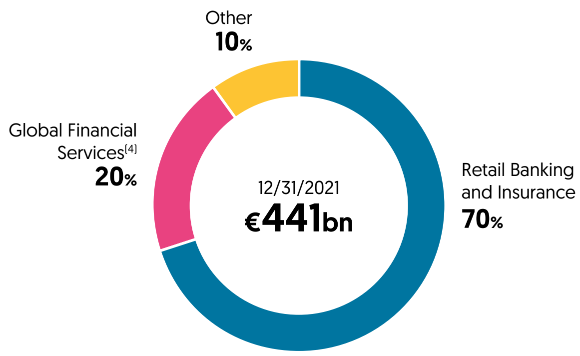
TOTAL FULLY LOADED CAPITAL [1] *(in billions of euros)*



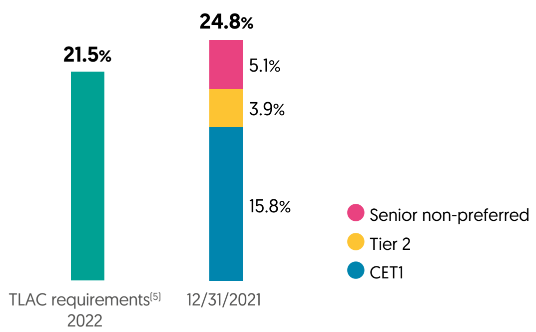
RISK-WEIGHTED ASSETS BY TYPE OF RISK



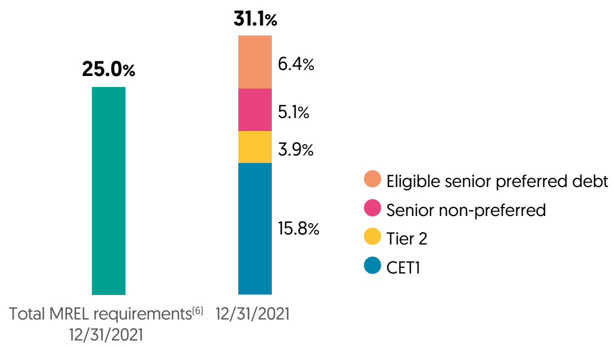
RISK-WEIGHTED ASSETS BY BUSINESS LINE



MREL RATIO *(as a % of RWAs)*



MREL RATIO *(as a % of RWAs)*



(1) CRR/CRD IV without transitional measures; additional Tier 1 capital takes into account subordinated issues that have become ineligible at the phase-out rate in force.
(2) Reserves net of prudential restatements.
(3) Including settlement risk.
(4) Combination of the Asset & Wealth Management and Corporate & Investment Banking divisions.
(5) Based on FSB TLAC term sheet dated Nov. 9, 2015.
(6) Based on the ACPR notification of 3/22/2021.

ADDITIONAL INDICATORS

	12/31/2021	12/31/2020
Cost of risk *(in basis points)*[1]	23	41
Ratio of non-performing/gross outstanding loans	2.4%	2.5%
Impairment recognized/Gross outstandings	42.7%	43.9%
Groupe BPCE's consolidated VaR *(in €m)*	8.3	12.1
Liquidity reserves *(in €bn)*	329	307

(1) Excluding exceptional items.

EU KM1 – KEY INDICATORS

in millions of euros	12/31/2021	09/30/2021	06/30/2021	03/31/2021	12/31/2020
AVAILABLE CAPITAL					
Common Equity Tier 1 (CET1)	69,764	69,897	68,440	69,743	68,969
Tier 1 capital	69,764	69,897	68,440	69,743	68,978
Total capital	82,715	78,093	76,991	78,933	78,235
RISK-WEIGHTED ASSETS					
Total risk-weighted assets	441,428	442,119	439,589	434,082	431,222
CAPITAL RATIOS (AS A PERCENTAGE OF RISK-WEIGHTED ASSETS)					
Common Equity Tier 1 ratio	15.80%	15.81%	15.57%	16.07%	15.99%
Equity Tier 1 ratio	15.80%	15.81%	15.57%	16.07%	16.00%
Total capital ratio	18.74%	17.66%	17.51%	18.18%	18.14%
ADDITIONAL CAPITAL REQUIREMENTS TO ADDRESS RISKS OTHER THAN THE EXCESSIVE LEVERAGE RISK (AS A PERCENTAGE OF THE RISK-WEIGHTED ASSETS)					
Additional capital requirements to address risks other than excessive leverage risk	1.75%	1.75%	1.75%	1.75%	1.75%
of which: to be met with CET 1 capital	1.31%	1.31%	1.31%	1.31%	1.31%
of which: to be met with Tier 1 capital	1.31%	1.31%	1.31%	1.31%	1.31%
Total SREP capital requirement	9.75%	9.75%	9.75%	9.75%	9.75%
OVERALL BUFFER REQUIREMENT AND OVERALL CAPITAL REQUIREMENT (AS A PERCENTAGE OF THE RISK-WEIGHTED ASSETS)					
Capital conservation buffer	2.50%	2.50%	2.50%	2.50%	2.50%
Conservation buffer due to macro-prudential or systemic risk at the level of a Member State	0.00%	0.00%	0.00%	0.00%	0.00%
Institution-specific countercyclical capital buffer	0.02%	0.01%	0.01%	0.01%	0.01%
Systemic risk buffer	0.00%	0.00%	0.00%	0.00%	0.00%
Global systemically important institution buffer	1.00%	1.00%	1.00%	1.00%	1.00%
Other systemically important institution buffer	0.00%	0.00%	0.00%	0.00%	0.00%
Overall buffer requirement	3.52%	3.51%	3.51%	3.51%	3.51%
Total capital requirements	13.27%	13.26%	13.26%	13.26%	13.26%
CET1 capital available after compliance with total SREP[(1)] capital requirements	9.99%	10.00%	9.76%	10.25%	10.18%
LEVERAGE RATIO					
Total exposure measure	1,212,857	1,208,391	1,198,965	1,283,262	1,238,142
Leverage ratio	5.75%	5.78%	5.71%	5.43%	5.57%
ADDITIONAL CAPITAL REQUIREMENTS TO ADDRESS THE EXCESSIVE LEVERAGE RISK (AS A PERCENTAGE OF THE TOTAL EXPOSURE MEASURE)					
Additional capital requirements to address the excessive leverage risk	0.00%	0.00%	0.00%		
of which: to be met with CET 1 capital	0.00%	0.00%	0.00%		
Total SREP leverage ratio requirement	3.23%	3.23%	3.23%		
LEVERAGE RATIO BUFFER REQUIREMENT AND OVERALL LEVERAGE RATIO REQUIREMENT (AS A PERCENTAGE OF TOTAL EXPOSURE MEASURE)					
Leverage ratio buffer requirement	-	-	-		
Overall leverage ratio requirement	3.23%	3.23%	3.23%		
LIQUIDITY COVERAGE RATIO					
Total High Quality Liquid Assets (HQLA) (weighted average)	222,399	230,746	202,842	227,186	203,029
Cash outflows – Total weighted value	205,973	215,817	191,004	203,894	191,463
Cash inflows – Total weighted value	67,903	69,934	70,047	71,610	70,495
Total net cash outflows (adjusted value)	138,069	145,883	120,957	132,284	120,968
Liquidity coverage ratio	161.08%	158.17%	167.70%	171.74%	167.84%
NET STABLE FUNDING REQUIREMENT					
Total available stable funding (ASF)	875,323	845,049	841,840		
Total RSF	756,669	734,732	726,414		
NSFR ratio	115.68%	115.01%	115.89%		

(1) Figures as of 12/31/2020, 03/31/2021 and 06/30/2021 modified from those published in the semi-annual update of the Pillar III 2020 report, due to an evolution of the EBA methodology

1.1 Types of risk

Risk macro-categories	Definition
Credit and counterparty risks	The risk of loss resulting from the inability of clients, 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.
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	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	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	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 foreign exchange 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 the executive body, notably issued in accordance with the policies of the supervisory body.
• Operational risk	The risk of loss resulting from inadequacies or malfunctions attributable to procedures, employees and internal systems (including in particular information systems) or external events, including events with a low probability of occurrence, but with a risk of high loss.
Insurance underwriting risks	In addition to asset-liability risk management (interest rate, valuation, counterparty and foreign exchange 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).
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 risks	Vulnerability of banking activities to climate change, where a distinction can be made between physical risk directly relating to climate change and transition risk associated with efforts to combat climate change.

1.2 Regulatory changes

Fragmentation and withdrawal accentuated by the health crisis in Europe

At its meetings in June and July 2021, the Financial Services Committee of the European Union, composed of high-level representatives of the Member States and the European Commission, presented an overview of the measures intended to support the banking sector and borrowers faced with the pandemic-related crisis, and proposed that the Member States consider new measures that could be implemented, in particular in terms of regulatory flexibility and supervision.

However, these meetings took place in a **general context of mistrust between Member States** that do not share the same vision of the Banking Union, which poses the **risk of a major political and economic "split" in Europe**.

The Franco-German duo no longer imposes its vision on the rest of Europe and its ability to "make common cause" on certain issues appears fragile, after two months of bitter discussions in Germany this autumn to form a coalition government between the Social Democrats of the SPD, the Liberals of the FPD and the Greens, and the **early launch – and not without turbulence – of the electoral campaign in France**, which will end with the first round of the presidential election on April 10, 2022.

It is also in this "singular" national context that France will preside, for 6 months, over the destiny of the European Union, starting January 1, 2022.

Flexible prudential framework and "return to normal": a balance to be found

Given the changes in the health situation, the authorities have extended the easing of certain regulations. In particular, the European Commission decided to authorize the maintenance of the State guarantee for State-guaranteed loans (SGLs) beyond six years in the event of a reconciliation agreement, recovery or restructuring plan. Last December, the French government also encouraged the use of credit mediation for possible repayment difficulties, even though restructuring could automatically lead to customers being declared in default.

On June 18, the ECB extended by nine months (until March 2022) the authorization for banks to exclude certain central bank exposures from their leverage ratio. This provision, in force since September 2020, was due to expire on June 27. The ECB justified its decision by citing persistent exceptional macroeconomic circumstances.

Finally, as announced on July 1, the ECB has lifted the last remaining restrictions on dividend payments and share buybacks from the end of September 2021.

At the same time, the occurrence of credit risk and exposures to leveraged finance on which the level of risk becomes significant continue to worry European oversight bodies and the ECB, in particular, in the current context.

A "shaken up" regulatory agenda

In this climate of banking disunity, market fragmentation, renationalization of resolutions and the resurgence of competition problems, the long-awaited and repeatedly postponed publication of the **transposition of the Basel agreement** by the European Commission occurred on October 27.

After the failure of the Eurogroup discussions of June 17 and December 6 on the finalization of the **Banking Union** (stumbling blocks on EDIS, on the prudential treatment of sovereign debts and on the home/host issue, which remains extremely sensitive), the leaders of the Eurozone gathered at a Summit on December 16 reiterated that a completed Banking Union and an integrated and efficient Capital Markets Union are essential to ensure the stability of the financial system and to support the EU's competitiveness. To this end, the entry into force of the agreement amending the treaty establishing the European Stability Mechanism and the early introduction of the safety net (backstop) for the Single Resolution Fund are particularly expected.

Finally, the European Commission renewed its **strategy on sustainable finance** (aiming at fighting climate change) while announcing an acceleration of the EBA work: CRR2 mandate brought forward to 2023 instead of 2025 on the impact of ESG policy on Pillar 1 and published on December 15 **its new strategy on digital finance** aiming at improving and modernizing the reporting of information for financial supervision in the EU.

2

RISK FACTORS

The banking and financial environment in which Groupe BPCE operates is exposed to numerous risks which obliges it to implement 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 group and 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.

Strategic, business and ecosystem risks

The ongoing coronavirus (Covid-19) pandemic and its economic consequences may adversely impact the Group's operations, 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.). In particular, the sudden recession gripping affected countries and the drop in global trade have had and will continue to have negative effects on global economic conditions for as long as global production, investments, supply chains and consumer spending are impacted, in turn impacting the business operations of the Group, its customers and its counterparties.

The persistence of the Covid-19 pandemic and the emergence of new strains of the virus have led to new restrictions, even if these have not been as drastic as in 2020 (notably, a new lockdown in France and in a number of European countries, local and national curfews, border closures, or severe travel restrictions) and, after a rebound, the economic environment could deteriorate further. Despite the favorable development of vaccination, the Covid-19 pandemic still remains the master of economic recovery time, with the spread of new variants such as the "Delta" variant in the second half of 2021 or the "Omicron" variant detected in late November 2021 threatening the pace of economic expansion. The epidemic continues to profoundly disrupt international and French economic momentum. Its duration does not cease to surprise, fueling both uncertainty and fatigue in the face of ongoing health restrictions. This situation could last several months, and thus adversely affect the Group's business, financial performance and results.

Massive fiscal and monetary policy measures to support activity have been put in place since 2020, notably by the French government (State-guaranteed loans for businesses and professional customers, for individual customers, 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). Groupe BPCE has actively 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.

The lockdown or restriction measures taken at the beginning of this crisis, particularly in France, where the Group mainly operates (84% of exposures (in gross value) as of December 31, 2021 are located in France), have significantly reduced the activity of many economic players. In 2021, the global economy rebounded strongly, but the health crisis continued to affect community services specifically, due to the relative maintenance of health restrictions. The Group's results and financial position are impacted by such measures, due to decreased income and a decline in the quality of assets both in general and in certain particularly hard-hit sectors. Within the Corporate and Professional portfolios, the sectors most likely to be affected at present are mainly the Wholesale and non-food retail sectors (gross exposure on December 31, 2021 of €16.7 billion), Tourism-Hotels-Catering (gross exposure on December 31, 2021 of €15.5 billion), Automotive (gross exposure on December 31, 2021 of €5.6 billion), Consumer goods excluding cosmetics and personal care (gross exposure on December 31, 2021 of €5.2 billion) and Real Estate Professionals excluding residential exposure (gross exposure on December 31, 2021 of €1.9 billion).

In 2020, this environment resulted in a very significant increase in the cost of risk to nearly €3 billion (equal to 41 basis points compared to 19 basis points in 2019), mainly due to the impact of the Covid-19 crisis on the inclusion of forward-looking information in the assessment of expected losses and to the increase in individual provisions concentrated on the Energy and Natural Resources sector, and more particularly Oil and Gas, in Corporate & Investment Banking. In 2021, the cost of risk fell by 40.5% compared to the cost of risk recorded for 2020 (equivalent to 23 basis points), in a context of low level of defaults, and maintaining the levels of provisions allocated under Stages 1 and 2 in anticipation of potential future defaults. The credit risk impairment methodology applied and the assumptions taken into account in the scenarios are described in § 7.1.2. in the paragraph "Methodology for assessing the deterioration of credit risk and expected credit losses" of Groupe BPCE's consolidated financial statements included in the 2021 Universal Registration Document.

The Group's results and financial position may also be impacted by adverse financial market developments (extreme volatility, equity market and index slump, spread tensions, steep and unforeseen decline in dividends, etc.). This was the case in the first half of 2020, as the valuation of certain products was affected by market illiquidity, in particular Natixis' Corporate & Investment Banking operations, which were exposed to significant adjustment effects of certain valuation parameters such as the "dividend" component.

A deterioration in the economic environment and its impact on the Group could increase the risk of its external ratings being downgraded. Furthermore, the French government's ratings may end up being downgraded, due in large part to an increase in the national debt and public deficits. These factors could have a negative impact on the Group's funding cost on the financial markets.

More generally, the Covid-19 epidemic poses a risk to Groupe BPCE, insofar as it (i) causes organizational changes (remote working, for example) that may cause an operational risk; (ii) it induces a slowdown in money market transactions and could have an impact on the supply of liquidity; (iii) it increases the liquidity needs of customers and therefore the amounts loaned to these customers to enable them to withstand the crisis; (iv) it could lead to an increase in business failures, particularly among the most vulnerable companies or in the most exposed sectors; and (v) it causes sudden movements in the valuation of market assets, which could have an impact on the market activities or on the investments of the institutions.

Changes in the situation related to Covid-19 (uncertainty as to the duration, extent and future trajectory of the pandemic, the introduction of new lockdown measures or restrictions in the event of additional epidemic waves related to the emergence of new strains of the virus, the speed of vaccination rollout or the efficacy of vaccines against variants) are a major source of uncertainty and make it difficult to predict the overall impact on the Group's main markets and, more generally, the global economy; on the filing date (publication) of this Pillar III report, the impact of this situation, taking into account the aforementioned support measures, on Groupe BPCE's business lines (Retail banking, Insurance, Asset Management, Corporate & Investment Banking), its results (net banking income and cost of risk in particular) and its financial position (liquidity and solvency) remains difficult to quantify.

Groupe BPCE may not achieve the objectives of its BPCE 2024 strategic plan.

On July 8, 2021, Groupe BPCE announced its BPCE 2024 strategic plan. It is structured around the following three strategic priorities: (i) a winning spirit, with €1.5 billion in additional revenues in five priority areas, (ii) customers, by offering them the highest quality service with an adapted relationship model, and (iii) the climate, through concrete and measurable commitments that are part of a Net zero trajectory. The BPCE 2024 strategic plan is based on the following three pillars: (i) simplicity: because Groupe BPCE seeks efficiency and customer satisfaction, it aims for greater simplicity; (ii) innovation: because Groupe BPCE is driven by an entrepreneurial spirit and is aware of the reality of the changes underway, it is strengthening its capacity for innovation; and (iii) security, because Groupe BPCE is committed to the long term, it gives priority to the security of its development model. These strategic objectives were developed in the context of the Covid-19 crisis, which has acted as an indicator and accelerator of fundamental trends (in particular, digitization, hybrid work, energy transition) and reflects Groupe BPCE's desire to accelerate its development by supporting its customers in their economic recovery and their projects to emerge from the health crisis. The success of the BPCE 2024 strategic plan is based on a very large number of initiatives to be implemented within the various business lines of Groupe BPCE. Although many of these targets can be achieved, it is possible that not all of them will be, nor is it possible to predict which of these goals will not. The BPCE 2024 strategic plan also calls for significant investments, but if the plan's objectives are not met, the return on these investments may be lower than expected. If Groupe BPCE does not achieve the targets defined in its BPCE 2024 strategic plan, its financial position and results could be more or less significantly affected.

The physical and transition components of climate risk, together with their repercussions for economic players, could adversely affect the activities, income and financial position of Groupe BPCE.

The risks associated with climate change are factors that exacerbate existing risks, including credit risk, operational risk and market risk. In particular, BPCE is exposed to physical and transition climate risk. They potentially carry an image and/or reputation risk.

Physical risk leads to increased economic costs and financial losses resulting from the severity and increased frequency of extreme weather events related to climate change (such as heat waves, landslides, floods, late frosts, fires and storms), as well as long-term gradual changes in climate (such as changes in rainfall patterns, extreme weather variability, and rising sea levels and average temperatures). It could have an extensive impact in terms of scope and magnitude, that may affect a wide variety of geographic areas and economic sectors relevant to Groupe BPCE. For example, the Cévennes episodes that affect the south-east of France every year can cause buildings, factories and offices to flood, slowing down or even making it impossible for some of the Group's customers to carry out their activities. For example, an SME customer of Groupe BPCE producing a component essential to the opening of buildings was flooded at the end of 2019, causing it to file for bankruptcy. Moreover, this SME was supplying a real estate project whose construction had to stop while a new supplier was found. The real estate project was delayed, which led to a credit risk on the transaction for the bank financing it: late penalties, late opening for sale or rent, etc. Thus, physical climate risk can spread along the value chain of Groupe BPCE's corporate customers, which can lead to default and thus generate financial losses for Groupe BPCE. These physical climate risks are likely to increase and could lead to significant losses for Groupe BPCE.

The transition risk is connected to the process of adjusting to a low-carbon economy. The process of reducing emissions is likely to have a significant impact on all sectors of the economy by affecting the value of financial assets and the profitability of companies. The increase in costs related to this energy transition for economic players, whether corporates or individual customers, could lead to an increase in defaults and thus significantly increase Groupe BPCE's losses. For example, the French law "Energie-Climat" of November 8, 2019 is expected to limit from 2028 the sale and rental of real estate with very low energy performances. Some of Groupe BPCE's customers will therefore have to plan renovation work for a possible future sale or lease of such type of properties. The risk lies in the impossibility for Groupe BPCE's customers to carry out this costly work and consequently being unable to complete the financial transaction necessary to balance their budget. These customers of Groupe BPCE could therefore become insolvent, which would result in significant financial losses for Groupe BPCE.

A persistently low interest rate environment may have an adverse impact on Groupe BPCE's profitability and financial position.

The global markets have been subject to low interest rates in recent years, and it appears this situation will not be changing anytime soon. When interest rates are low, credit spreads tend to tighten, meaning Groupe BPCE may not be able to sufficiently lower interest rates paid on deposits to offset the drop in revenues associated with issuing loans at lower market rates. Groupe BPCE's efforts to reduce the cost of deposits may be restricted by the high volumes of regulated products, especially on the French market, including in particular Livret A passbook savings accounts and PEL home savings plans, which earn interest above the current market rate. In addition, Groupe BPCE may incur an increase in prepayments and renegotiations of home loans and other fixed-rate loans to individuals and businesses, as customers seek to take advantage of lower borrowing costs. Combined with the issuance of new loans at low interest rates prevailing on the markets, Groupe BPCE may see an overall decrease in the average interest rate in the loan book. Reduced credit spreads and weaker retail banking revenues stemming from this decrease may undermine the profitability of the retail banking activities and overall financial position of Groupe BPCE. Furthermore, if market rates begin climbing again and Groupe BPCE's hedging strategies prove ineffective or only partially offset this fluctuation in value, its profitability may be affected. An environment of persistently low interest rates may also cause the market yield curve to flatten more generally, which in turn may lower the premium generated by Groupe BPCE's financing activities and have an adverse impact on its profitability and financial position. The flattening of the yield curve may also encourage financial institutions to enter into higher-risk activities in an effort to obtain the targeted level of return, which may heighten risk and volatility on the market.

The stress tests carried out by Groupe BPCE on its capital markets activities show that, at December 31, 2021, the most sensitive hypothetical stress test is the "emerging market crisis" scenario and that the most impacting historical scenario is the "2011 sovereign crisis" scenario.

For information purposes, the change in Groupe BPCE's projected one-year net interest income calculated under four scenarios ("rate increase," "rate decrease," "steepening of the curve," "flattening of the curve") compared to the core scenario showed the "rate decrease" to be the most adverse scenario.

Groupe BPCE may be vulnerable to political, macro-economic 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 foreign country (particularly in countries where the Group conducts business) may affect their financial interests. Groupe BPCE predominantly does business in France (81% of net banking income for the fiscal year ended December 31, 2021) and North America (11% of net banking income for the fiscal year ended December 31, 2021), with other European countries and the rest of the world accounting for 5% and 3%, respectively, of net banking income for the fiscal year ended December 31, 2021. Note 12.6 to the consolidated financial statements of Groupe BPCE "Locations by country," contained in the 2021 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 macro-economic environment of such countries or regions may generate additional expenses or reduce profits earned by Groupe BPCE.

A major economic disruption, such as the 2008 financial crisis, the 2011 sovereign debt crisis in Europe or the development of a new epidemic like the coronavirus (the magnitude and length of which are still unknown), may have a material adverse impact on all Groupe BPCE activities, particularly if the disruption encompasses a lack of liquidity on the market, making it difficult for Groupe BPCE to obtain funding. In particular, some risks do not occur in the normal economic cycle because they are externally generated. Examples include the very short-term consequences of Brexit, the increase in credit risk associated with corporate debt around the world (leveraged loans market) and the threat of the Covid-19 epidemic growing even worse, or the longer term impacts of climate change. During the financial crisis of 2008 and 2011, the financial markets were subject to strong volatility in response to various events, including but not limited to the decline in oil and commodity prices, the slowdown in emerging economies and turbulence on the equity markets, which directly or indirectly impacted several Groupe BPCE businesses (primarily securities transactions and financial services).

More recently, the armed conflict triggered by the Russian Federation following its invasion of Ukraine, which led the international community to impose sanctions against the Russian Federation, constitutes a significant change that could directly or indirectly penalize the economic activity of the counterparties financed by Groupe BPCE, resulting in additional expenses or reducing the profits earned by Groupe BPCE. For information, Groupe BPCE's direct on- and off-balance sheet exposures, net of guarantees, to Russian and Ukrainian customers as of February 28, 2022 amounted to €788 million and €63 million respectively (management data). These exposures are very limited in view of Groupe BPCE's €889 billion in gross outstanding loans and advances at amortized cost at December 31, 2021 (customers and banks).

For more detailed information, see Sections 4.2.1 "Economic and financial environment" and 4.7 "Outlook for Groupe BPCE" of the 2021 Universal Registration Document.

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

Although acquisitions are not a major part of Groupe BPCE's current strategy, the Group may nonetheless 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 personnel. 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 expose Groupe BPCE to additional risks and uncertainties in that it may depend on systems, controls and persons that are 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 joint venture partners may have a negative impact on the targeted benefits of the joint venture. At December 31, 2021, total investments accounted for using equity method amounted to €1.6 billion, including following the sale of BPCE's entire stake in CNP Assurances[1]. For further information, please refer to Note 12.4 "Partnerships and associates" to the consolidated financial statements of Groupe BPCE, included in the 2021 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 is 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, 2021, in France, Groupe BPCE is the number one bank for SMEs[2], and the second-ranked bank for individual and professional customers[3]. It has a 25.9% market share in home loans[4]. In Retail Banking and Insurance, loan outstandings totaled €650 billion and deposits and savings[5] €861 billion (for more information on the contribution of each business line, and each network, see Section 1.4 "Groupe BPCE's business lines" of the 2021 Universal Registration Document). Moreover, a slowdown in the global economy or the economic environment of Groupe BPCE's main markets is likely to increase competitive pressure, in particular through greater pricing pressure and a slowdown in business volume for 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 earnings 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 and motivate existing employees. Changes in the economic environment (in particular tax and other measures aimed at limiting the pay of banking sector employees) may compel Groupe BPCE to transfer its employees from one unit to another, or reduce the workforce in certain business lines, which may cause temporary disruptions due to the time required for employees to adapt to their new duties, and may limit Groupe BPCE's ability to benefit from improvements in the economic environment. This may 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, 2021, Groupe BPCE's registered headcount totaled 99,900 employees. 6,688 permanent employees were recruited during the year (for further information, please refer to Section 2.4 "Designing the work of the future" of the 2021 Universal Registration Document).

(1) On December 16, 2021, BPCE sold its entire stake in CNP Assurances, i.e. 16.11%, to Banque Postale.
(2) 53% (rank 1) in terms of total penetration rate (Kantar 2021 SME-SMI survey).
(3) Retail market share: 22% in household savings and 25.9% in mortgage loans to households (Banque de France Q3-2021). Overall penetration rate of 29.6% (rank 2) among retail customers (SOFIA Kantar study, March 2020). For professionals: 39.9% (rank 2) penetration rate among professionals and individual entrepreneurs (Pépites CSA 2019-2020 survey).
(4) Banque de France Q3-2021 – Quarterly SURFI statements – Outstanding housing loans to households.
(5) Balance sheet and financial savings.

Credit and counterparty risks

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

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, 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, income and financial position.

For information, on December 31, 2021, Groupe BPCE's gross exposure to credit risk amounted to €1,435 billion, with the following breakdown for the main types of counterparty: 38% for retail customers, 27% for corporates, 19% for central banks and other sovereign exposures, and 6% for the public sector and similar entities. Credit risk-weighted assets amounted to €384 billion (including counterparty risk).

The main economic sectors to which the Group is exposed in its Non-Financial Corporations portfolio are Real Estate (36% of gross exposures at December 31, 2021), Finance/Insurance (11%), Wholesale and Retail Trade (11%) and Manufacturing industry (7%).

Groupe BPCE develops its activities mainly in France. The Group's gross exposure (gross carrying amount) to France is €990 billion, representing 84% of the total gross exposure. The remaining exposures are mainly concentrated in the United States 4%, with other countries accounting for 12% of total gross exposures.

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

A substantial increase in impairments or provisions for expected credit losses recognized in respect of Groupe BPCE's portfolio of loans and advances could have a material adverse effect on its income and financial position.

In the course of its lending activities, Groupe BPCE regularly recognizes charges for asset impairments in order to reflect, if necessary, actual or potential losses on its portfolio of loans and advances. Such 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.

Note: Groupe BPCE's cost of risk amounts to €1,783 million in 2021 compared to €2,998 million in 2020, with credit risks accounting for 88% of Groupe BPCE's risk-weighted assets. On the basis of gross exposures, 38% relate to retail customers and 27% to corporate customers (of which 69% 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 for Groupe BPCE in terms of impact and probability, and is therefore monitored carefully and proactively.

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. Institutions are closely interconnected owing to their trading, clearing, counterparty and financing operations. A default by a sector player, 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 clients, 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.

Exposures to "financial institutions" represent 4% of Groupe BPCE's total gross exposures (€1,435 billion) on December 31, 2021. In geographic terms, 71% of gross exposures to "Institutions" are located in France.

Financial risks

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 funding secured in particular by reverse repurchase agreements. 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 income 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, 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 Groupe BPCE 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 financial position, results and ability to meet its obligations to its counterparties.

Groupe BPCE's liquidity reserves include cash placed with central banks and securities and receivables eligible for central bank funding. Groupe BPCE's liquidity reserve amounted to €329 billion on December 31, 2021, covering 247% short-term funding and short-term maturities of MLT debt. The one-month LCR (Liquidity Coverage Ratio) averaged 161% over 12 months on December 31, 2021 *versus* 156% on December 31, 2020. Any restriction on Groupe BPCE's access to funding and other sources of liquidity could have a material adverse impact on its results. Given the significance these risks hold for Groupe BPCE in terms of impact and probability, they are carefully and proactively monitored.

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

Net interest income earned by Groupe BPCE during a given period has a material influence on net banking income and profitability for the period. In addition, material changes in credit spreads may influence Groupe BPCE's earnings. Interest rates are highly sensitive to various factors that may be outside the control of Groupe BPCE. In the last decade, interest rates have tended to be low but may increase, and Groupe BPCE may not be able to immediately pass on the impacts of this change. Changes in market interest rates may have an impact on the interest rate applied to interest-bearing assets, different from those of interest rates paid on interest-bearing liabilities. Any adverse change in the yield curve may reduce net interest income from associated lending and funding activities and thus have a material adverse impact on Groupe BPCE's net banking income and profitability.

Any period of inflation could affect Groupe BPCE's revenues if it resulted in an increase in regulated savings rates without impacting the cost of credit, thus affecting the net interest margin and income. The sensitivity of the net present value of Groupe BPCE's balance sheet to a +/-200 bps variation in interest rates remains below the 15% Tier 1 limit. At December 31, 2021, Groupe BPCE's sensitivity to interest rate increases stood at -11.37% compared to Tier 1 *versus* -6.21% at December 31, 2020. The measurement of the change in Groupe BPCE's projected net interest margin over one year according to four scenarios ("rising rates", "falling rates", "steepening of the curve", "flattening of the curve") in relation to the central scenario, indicates that "falling rates" (shock of -25bp) is the most unfavorable scenario, with a negative impact, as of September 30, 2021, of -0.88% (€82 million) over a sliding year.

Market fluctuations and volatility expose Groupe BPCE (in particular Natixis) to losses in its trading and investment activities, which may adversely impact Group's BPCE's results 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 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.

Market risk-weighted assets totaled €15.1 billion, *i.e.* around 3% of Groupe BPCE's total risk-weighted assets, on December 31, 2021. For information, the weight of Corporate & Investment Banking activities in the Group's net banking income was 14% for the year 2021. 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 2021 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 assets, 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.

On December 31, 2021, financial assets at fair value totaled €199 billion (with approximately €187 billion in financial assets at fair value held for trading purposes) and financial liabilities at fair value totaled €192 billion (with €162 billion in financial liabilities at fair value held for trading purposes). For more detailed information, see also Note 4.3 ("Net gains or losses on financial instruments at fair value through profit or loss"), Note 4.4 ("Net gains or losses on financial instruments at fair value through other comprehensive income"), Note 5.1 ("Financial assets and liabilities at fair value through profit or loss") and Note 5.2 ("Financial assets at fair value through other comprehensive income") to the consolidated financial statements of Groupe BPCE in the 2021 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 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 investment products (for the Caisses d'Epargne and the Banques Populaires) or through Asset Management activities (for Natixis).

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 business.

In 2021, the total net amount of fees and commissions received was €10,323 million, representing 40% of Groupe BPCE's net banking income. Revenues earned from fees and commissions for financial services came to €582 million and revenues earned from fees and commissions for securities transactions amounted to €258 million. 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 2021 Universal Registration Document.

Downgraded credit ratings could have an adverse impact on BPCE's funding cost, profitability and business continuity.

Groupe BPCE's long-term ratings on December 31, 2021 were A+ for Fitch Ratings, A1 for Moody's, A+ for R&I and A+ for Standard & Poor's. 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 (including Natixis). 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 and Natixis' unsecured long-term funding cost is directly linked to their respective 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 their ratings. An increase in credit spreads may materially raise BPCE and Natixis' funding cost. Shifts in credit spreads are correlated to the market and sometimes subject to unforeseen and highly volatile changes. Credit spreads are also influenced by market perception of issuer solvency and are associated with changes in the purchase price of Credit Default Swaps backed by certain BPCE or Natixis debt securities. 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.

Insurance risks

Groupe BPCE generates 12.9% of its net banking income from its insurance businesses. Net banking income from life and non-life insurance activities amounted to €2,860 million for the year 2021, compared to €2,550 million for 2020.

A deterioration in market conditions, and in particular excessive interest rate increases or decreases, could have a material adverse impact on the personal insurance business and income of the Group.

The main risk to which Groupe BPCE insurance subsidiaries are exposed in their personal insurance business is market risk. Exposure to market risk is mainly related to the capital guarantee as applicable to euro-denominated savings products.

Among market risks, interest rate risk is structurally significant for Natixis Assurances, as its general funds consist primarily of bonds. Interest rate fluctuations may:

- 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 arbitrages 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 the allocation of general funds, 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 life and health insurance business, through the recording of provisions for impairment due to the decline in the valuation of investments at fair value through profit or loss.

A mismatch between the loss experience expected by the insurer and the amounts actually paid by the Group to policyholders could have a significant adverse impact on its non-life insurance business and on the personal protection insurance portion of its insurance business, as well as its results and its financial position.

The main risk to which Groupe BPCE's insurance subsidiaries are exposed in connection with these latter activities is underwriting risk. This risk results from a mismatch between i) claims actually recorded and benefits actually paid as compensation for these claims and ii) the assumptions used by the subsidiaries to set the prices for their insurance products and to establish technical reserves for potential compensation.

The Group uses both its own experience and industry data to develop estimates of future policy benefits, including information used in pricing insurance products and establishing the related actuarial liabilities. However, actual experience may not match 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 that the amounts actually paid by the Group to policyholders are greater than the underlying assumptions initially used to establish provisions, or if events or trends lead the Group to modify the underlying assumptions, the Group may be exposed to more significant liabilities than expected, which could have a negative impact on the non-life insurance business for the personal protection portion, as well as on the results and financial position of the Group.

In the continuing context of the Covid-19 pandemic, fiscal year 2021 was marked by very dynamic commercial activity in both business lines.

Commercial activity for 2021 shows significant growth compared to 2020. At €14.6 billion, revenues at the end of 2021 were up by 32% compared to the end of 2020. This growth was observed in all insurance activities, and was mainly driven by savings (+39%), which benefited from strong momentum in contrast to the very low inflows in the first half of 2020 linked to the first lockdown. As a result, collection is higher than before the health crisis: +11% compared to 2019.

The 2021 result benefited in particular from the 12% increase in outstandings in the savings business, as well as the good performance of the personal protection and borrower insurance activities. It also benefited from a favorable base effect, as fiscal year 2020 was marked by the economic consequences of the health crisis and in particular the decline in the equity markets.

Underwriting risk:

- in non-life insurance: the loss ratio is at higher levels than in 2020, a year marked by several lockdowns that led to a drop in automotive claims. The deterioration in multi-risk home insurance claims is mainly explained by the recording of serious claims and by climatic events;
- in personal insurance: the loss ratio in personal protection and in borrower insurance improved in 2021, due to reversals of provisions.

Gross operating income from Insurance activities posted positive growth.

In addition, the SCR (Solvency Capital Requirement) is covered at December 31, 2021, thanks in particular to a favorable economic and financial environment. The various actions taken over the last few years, particularly in terms of financial coverage, reinsurance, business diversification and management of investments, have also contributed to the solidity and resilience of the solvency of Natixis Assurances. It should be noted that the deterioration of the economic and financial environment, in particular the decline in the equity markets and the level of interest rates, could adversely affect the solvency of Natixis Assurances, by adversely affecting future margins.

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.

The risk of non-compliance 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 in France and internationally. Recent years have seen a particularly substantial increase in the volume of new regulations that have introduced significant changes affecting both the financial markets and the relationships between investment service providers and customers or investors (*e.g.* MIFID II, PRIIPS, the directive on the Insurance Distribution, Market Abuse Regulation, Fourth Anti-Money Laundering and Terrorism Financing directive, Personal Data Protection Regulation, Benchmark Index Regulation, etc.). These new regulations have major impacts on the company's operational processes.

The realization of the risk of non-compliance 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, the disclosure of confidential information, or privileged, failure to comply with due diligence on entering into relations with suppliers and customers, particularly in terms of financial security (in particular the fight against money laundering and the financing of terrorism, compliance with embargoes, the fight against fraud or corruption).

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 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.

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

Groupe BPCE's reputation is of paramount importance when it comes to attracting and retaining customers. Use of inappropriate means to promote and market Group products and services, inadequate management of potential conflicts of interest, legal and regulatory requirements, ethical issues, money laundering laws, economic sanctions, data policies and sales and trading practices could adversely affect Groupe BPCE's reputation. Its reputation could also be harmed by inappropriate employee behavior, cybercrime or cyber terrorist attacks on Groupe BPCE's information and communication systems, or any fraud, embezzlement or other misappropriation of funds committed by financial sector participants to which Groupe BPCE is exposed, or any legal ruling or regulatory action with a potentially unfavorable outcome. Any such harm to Groupe BPCE's reputation may have a negative impact on its profitability and business outlook.

Ineffective management of reputational risk could also increase Groupe BPCE's legal risk, the number of legal disputes in which it is involved and the amount of damages claimed, or may expose the Group to regulatory sanctions. For more information, see Chapter 10 "Legal risks" of this document. The financial consequences of these disputes may have an impact on the financial position of the Group, in which case they may also adversely impact Groupe BPCE's profitability and business outlook.

As of December 31, 2021, total provisions for legal and tax risks amounted to €1,224 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 personnel, 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.

On December 31, 2021, operational risks accounted for 9% of Groupe BPCE's risk-weighted assets, as on December 31, 2020. At December 31, 2021, Groupe BPCE's losses in respect of operational risk can be primarily attributed to the "Corporate items" business line (38%). They are concentrated in the Basel category "execution, delivery and process management" for 46%.

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. Furthermore, the risk management techniques and strategies employed by Groupe BPCE may not effectively limit its exposure to risk and do not guarantee that overall risk will actually be lowered. These techniques and strategies may prove ineffective against certain types of risk, in particular risks that Groupe BPCE had not already identified or anticipated, given that the tools used by Groupe BPCE to develop risk management procedures are based on assessments, analyses and assumptions that may prove inaccurate. 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 heads of risk management carry out a statistical analysis of these observations.

These tools or indicators may not be capable of predicting future exposure to 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.

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 base its financial statements on certain estimates, in particular accounting estimates relating to the determination of provisions for non-performing loans, provisions for potential claims and litigation, and the fair value of certain assets and liabilities. 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") to the consolidated financial statements of Groupe BPCE in the 2021 Universal Registration Document.

Regulatory risks

Groupe BPCE is subject to significant regulation 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 Group entities may be materially impacted by the policies and actions of various regulatory authorities in France, 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 continuing 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.

For example, legislation and regulations have recently been enacted or proposed with a view to introducing a number of changes, some permanent, in the global financial environment. While the objective of these new measures is to avoid a recurrence of the global financial crisis, the impact of the new measures could substantially change, and may continue to change, the environment in which Groupe BPCE and other financial institutions operate.

As a result of some of these measures, Groupe BPCE has reduced, and may further reduce, the size of certain activities in order to comply with the new requirements. These 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 purpose of the 2019 adoption of the final versions of the Banking Package was to align prudential requirements for banks with Basel III standards. The implementation of these reforms may result in higher capital and liquidity requirements, which could impact Groupe BPCE funding costs.

On November 11, 2020, the Financial Stability Board ("FSB"), in consultation with the Basel Committee on Banking Supervision and national authorities, reported the 2020 list of global systemically important banks ("G-SIBs"). Groupe BCPE is classified as a G-SIB by the FSB. Groupe BPCE also appears on the list of global systematically important financial institutions ("G-SIFIs").

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 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 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 which are credit institutions subject to French regulations. The group of affiliates includes BPCE subsidiaries, such as Natixis, Crédit Foncier de France and Banque Palatine. For Groupe BPCE, all entities affiliated with the central institution of Groupe BPCE benefit from a guarantee and solidarity mechanism, the aim of which, in accordance with Articles L. 511-31 and L. 512-107-6 of the French Monetary and Financial Code, is to ensure the liquidity and solvency of all affiliated entities and to organize financial solidarity throughout the Group.

This financial solidarity is based on legislative provisions establishing a legal principle of solidarity obliging the central institution to restore the liquidity or solvency of affiliates in difficulty, and/or of all the affiliates of the Group, by mobilizing, if necessary, all of the affiliates' liquid assets and equity.

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 the 2021 Universal Registration Document. On December 31, 2021, the Banque Populaire and Caisse d'Epargne funds each contained €450 million. The Mutual Guarantee Fund holds €172 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, by virtue of its role as central institution, will be obliged to make up the shortfall by mobilizing its own resources and, if necessary, all of the affiliates' liquid assets and capital.

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 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 the 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 equity.

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 capital instruments before opening a resolution proceeding, or if doing so is necessary to maintain the viability of an institution. Any write-down or conversion 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 or converted to equity, 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.

On December 31, 2021, total Tier 1 capital amounted to €69.8 billion and Tier 2 prudential capital to €13.0 billion. Senior non-preferred debt instruments amounted to €25.2 billion at that date, of which €22.4 billion had a maturity of more than one year and were therefore eligible for TLAC and MREL at December 31, 2021.

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 also being affected. In accordance with Article L. 613-29 of the French Monetary and Financial Code, court-ordered liquidation proceedings are therefore brought in a coordinated manner with regard to the central institution and all of its affiliates.

The same article 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 pari passu securities would be more affected than investors in Tier 2 instruments and other pari passu securities, 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. 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 client 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 profits.

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 applicable tax rules. Changes in tax schemes by the competent authorities in these countries could materially impact Groupe BPCE's profits. Groupe BPCE manages its activities with a view to creating value from the synergies and sales capabilities of its various constituent entities. It also works to structure financial products sold to its customers from a tax efficiency standpoint. 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.

3

RISK MANAGEMENT SYSTEM

3.1 Adequacy of risk management systems

The Group Risk and Compliance Committee, chaired by the Chairman of the Management Board, met five times in 2021 to review the adequacy of Groupe BPCE's risk management systems, and validated the annual review of the Group's risk policies. These systems cover all risks, as described in the Ministerial Order of November 3, 2014 on internal control as amended by the Order of February 25, 2021.

Coverage of risks was found to be adequate, consistent with the risk appetite system validated by the BPCE Management Board and Supervisory Board, and related closely to the Group's strategy and budget oversight.

3.2 Risk appetite

All risks are covered by central and local risk management systems, in line with the Group's risk appetite and strategy.

Groupe BPCE's Supervisory Board unanimously approved the Group's risk appetite framework: quantitative indicators, resilience threshold for each indicator and associated governance. During its annual review, the Supervisory Board examined the Group's risk appetite in September 2021 and December 2020 and its deliberation was unanimously approved.

Risk appetite guidelines

As a decentralized and united cooperative group, Groupe BPCE structures its activity around share capital, held predominantly by the regional institutions, and centralized market funding, optimizing the resources allocated to the entities.

Groupe BPCE:

- through its cooperative nature, is firmly committed to generating recurring and resilient income for its cooperative shareholders and investors by offering the best service to its customers;
- must preserve the solvency, liquidity and reputation of each Group entity – a duty assumed by the central institution through the oversight of consolidated risks, a risk policy and shared tools;
- consists of regional banks, which own the Group and its subsidiaries. In addition to normal management operations, in the event of a crisis, solidarity mechanisms between Group entities ensure the circulation of capital and prevent the entities or the central institution from defaulting;
- focuses on the structural risks of its full-service banking model, with a predominant retail banking component in France, while incorporating other business lines necessary to provide quality service to all of its customers;
- diversifies its exposures by developing certain activities in line with its strategic plan:
  - development of the Corporate & Investment Banking, bancassurance and Asset Management businesses,
  - international expansion (predominantly Corporate & Investment Banking and Asset Management, with a more targeted approach for retail banking customers).

Groupe BPCE's risk appetite is defined as the level of risk it is willing to accept with the goal of increasing its profitability while maintaining solvency. This risk appetite must be aligned with the institution's operating environment, strategy and business model, while making customer interests the top priority. In determining its risk appetite, Groupe BPCE aims to steer clear of any major pockets of concentration and to optimize capital allocation.

In terms of risk profile, Groupe BPCE incurs risks intrinsically associated with its retail banking and Corporate & Investment Banking activities. Changes to its business model are increasing exposure to some types of risks, particularly risks related to Asset Management and international businesses.

Groupe BPCE does not conduct business unless it has the associated risks sufficiently under control, nor does it exercise proprietary trading activities. Activities with high risk-reward profiles are strictly controlled.

In all activities, entities and regions of operation, the Group undertakes to meet the highest standards of ethics, conduct, best execution and transaction security.

Risk appetite framework and groupwide implementation

The risk appetite framework is based on a master document providing a qualitative and quantitative description of the risks that Groupe BPCE is willing to assume, and describing the governance and operating guidelines in effect.

The implementation of the risk appetite framework is centered on four key components: (i) the definition of groupwide standards, (ii) the existence of a set of limits in line with those defined by regulations, (iii) the distribution of expertise and responsibilities between the entities and the central institution and (iv) the operation of the governance process within the Group and the different entities, enabling the efficient and resilient application of the risk appetite framework.

The Group's risk appetite framework is regularly updated (at least annually) and is centered on a series of successive limits associated with separate respective authorization levels, *i.e.*:

- an observation or tolerance threshold, which if breached, calls for BPCE Management Board members to decide either to require the breach to be corrected or to allow the transaction to go ahead on an exceptional basis;
- an RAF limit (risk appetite framework) or resilience threshold, the breach of which would pose a potential risk to the continuity and/or stability of the business. Any such breach must be reported to the BPCE Supervisory Board and addressed by a specific action plan validated by the Board;
- an extreme limit in conjunction with the Group's resolution and recovery plan which, if breached, could jeopardize the Group's very survival. This extreme limit concerns certain indicators adopted in respect of the Group's risk appetite.

A quarterly dashboard is prepared by the Group's Risk division, for the purpose of regularly and extensively monitoring all risk indicators and reporting to the supervisory body or/and any committee thereof.

The risk appetite framework is adapted by the entities for consistent group-wide implementation.

Robust financial strength

Groupe BPCE enjoys high liquidity and solvency levels:

- in terms of solvency, the Group is able to absorb, if need be, the occurrence of a risk at entity or Group level;
- in terms of liquidity, the Group has a significant reserve consisting of cash and securities enabling it meet regulatory requirements, pass stress tests and access central bank unconventional financing mechanisms. It also has a sufficient amount of high-quality liquid assets eligible for market funding mechanisms and those offered by the European Central Bank.

The Group ensures the robustness of this system by implementing global stress tests carried out regularly. They are intended to verify the Group's resilience, particularly in the event of a serious crisis.

Summary of Groupe BPCE's risk profile in 2021

The following risks are incurred by the Group because of its business model:

% OF RWAs

CREDIT AND COUNTERPARTY RISKS

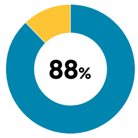
Credit risk, generated by the Group's predominant business (i.e. lending to individual and corporate customers), is governed by risk policies applied to all Group entities, concentration limits defined by counterparty, country and sector, and finally extensive oversight of loan books.

- RWAs: **€388bn** (+3.2% vs. 2020)
- These exposures are predominantly based on the internal model approach (71% of risk-weighted assets).

- Cost of risk: **€1.8bn** vs. €3bn in 2020
- Average annual cost of risk: **23 bp** (vs. 41 pb in 2020)
- NPL/gross loan outstandings: **2.4%**
- Coverage of NPL by provisions: **42.7%**

The loan book has a balanced risk profile

Gross exposures: **€1,431bn**, + 5.7% vs. 2020



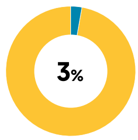
MARKET RISKS

Market risk indicators are monitored and analyzed at various position aggregation levels, giving an overview of total exposure and risk consumption by risk factor.

- RWAs: **€13bn** (-7.1% vs. 2020)
- **63%** of risk-weighted assets determined using the standardized approach

VaR and stress indicators held steady at low levels throughout 2021.

- VaR : **€8.3m**
- Hypothetical stress test at -€48m (for the worst case scenario: "crisis in emerging countries")
- Historical stress test at -€52m (for the worst case scenario: "2011 sovereign crisis")



STRUCTURAL ALM RISKS

Structural interest rate risk, associated in particular with fixed-rate home loans and regulated liabilities, is governed by groupwide standards and individual entity limits; liquidity risk is steered centrally by allocating budget-defined liquidity to round out customer deposits raised by the entities.

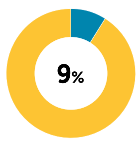
In 2021, liquidity was maintained at a **high level**, providing the Group with significant coverage of **stress scenarios**.

- Coverage of short-term funding by liquidity reserve: **247%**
- 12-month average LCR: **161%**

NON-FINANCIAL RISKS

Non-financial risks are non-compliance, fraud, information system security, reputational and misconduct risks, as well as other operational risks.

- Operational risk-weighted assets: **€40bn (+5.2%** vs. 2019)
- **34%** of operating losses were recorded under the **"Execution, Delivery and Process Management"** Basel risk class



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's Risk Committee.

After a year 2020 marked by the brutal contraction of the world economy linked to the Covid-19 pandemic, the upward revision of growth forecasts in June 2021, particularly in France, shows a more vigorous exit from the crisis than anticipated. This crisis has profoundly changed the environment in which the Group operates. It has greatly increased the intensity of the shocks caused by the various types of risk affecting our businesses lines. While coverage of the pandemic risk by a massive vaccination campaign has largely been achieved, particularly in France, there is still some uncertainty about the economic environment, in particular about the evolution of certain macroeconomic data (marked slowdown in Chinese growth, increase in inflation, etc.).

The risk of future deterioration of the Group's credit portfolios appears to be a priority point of attention. However, the extent of government support for the economy and the strength of the recovery in 2021 suggest a stronger than expected resilience.

Low-to-negative interest rates have had a continuous adverse impact on the profitability of commercial banking activities, due to the predominance of fixed-rate home loans and life insurance activities.

The international geopolitical environment is an ongoing source of concern, with various geopolitical tensions continuing to weigh on general economic conditions and fueling uncertainties.

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.

The Group is very attentive to changes in the regulatory environment and to the demands of the supervisor, particularly with regard to the new provisioning standards, the guidelines on non-performing loans and, in particular, the new definition of default, including the notion of forbearance in connection with the management of moratoria related to the pandemic crisis.

Climate change is a growing theme in risk management policy.

Lastly, operational risks are receiving close attention, notably with the application of crisis management systems when necessary.

3.3 Risk management

Governance of risk management

Risk management is governed by two main bodies at Group level: the Supervisory Board, which is supported by the Board's Risk Committee, and the Executive Management Committee, of which the Head of Risk Management is a member.

Chaired by the Chairman of the Management Board, the Group Risk and Compliance Committee, an umbrella committee, sets the broad outlines of the risk policy and examines issues related to non-financial risks (specifically those related to banking, insurance and investment service compliance, and to financial security), annually reviews the risk appetite system, and approves a prospective risk analysis twice a year.

Organization of risk management

Groupe BPCE's Risk division and Corporate Secretary's Office – in charge of compliance and permanent control – measure, monitor and manage risks, pursuant to the Ministerial Order of November 3, 2014 as amended by the Order of February 25, 2021, on internal control.

They ensure that the risk management system is effective, complete and consistent, and that risk-taking is consistent with the guidelines for the business (particularly targets and resources of the Group and its institutions).

These duties are formalized in Groupe BPCE's Internal Control Charter, an umbrella charter. It is based on the two charters of the control functions, namely the Internal Audit Charter and the Group Risk, Compliance and Permanent Control Charter.

The various departments of the Group Risk division are involved in all risks (credit, financial, operational, climate and non-banking investments) by acting on:

- the risk policy and the resulting standards;
- permanent monitoring and control;
- coordination.

The departments of the Group's Risk division:

Group policy and standards	Monitoring and control	Coordination
• present the Management Board and Supervisory Board with a risk appetite framework for the Group and ensure its implementation and roll-out at each major entity; • help draw up risk policies on a consolidated basis, inform overall risk limits, contribute to discussions on capital allocation and ensure that portfolios are managed in accordance with these limits and allocations; • define and implement standards and methods for consolidated risk measurement, risk-taking approval, risk control and reporting, and compliance with risk regulations; • oversee the risk information system, working closely with the IS departments, while defining the standards to be applied for the measurement, control, reporting and management of risks.	• carry out the annual macro-level risk mapping exercise, factoring in the overall risk policy, risk appetite and annual permanent control plan, which is part of the internal control system; • assess and control the level of risk across the Group; • conduct permanent monitoring of limit breaches and their resolution, centralize risk data and prepare forward-looking risk reports on a consolidated basis; • help the Groupe BPCE Management Board to identify emerging risks, concentration of risk and other various developments, and to devise strategy and adjust risk appetite; • perform stress tests with the goal of identifying areas of risk and the Group's resilience under various predetermined shock scenarios; • conduct controls to ensure that the operations and internal procedures of Group companies comply with legal, professional, or internal standards applicable to banking, financial and Insurance activities; • perform Level 2 controls of certain processes used to prepare financial information, and implement a Group Level 2 permanent risk control system.	• are functionally subordinate to the Risk and Compliance functions, participating in the work of local Risk Committees or receiving the results of their work, coordinating the departments and approving the appointment or dismissal of all new Heads of Risk Management, Heads of Compliance, or Heads of Risk and Compliance meeting with the relevant managers and/or teams during national or local meetings and during checks on site or at BPCE; • help disseminate risk and compliance awareness and promote the sharing of best practices throughout the Group.

SPECIAL COMMITTEES

Several committees are responsible for defining Groupwide methodology standards for measuring, managing, reporting and consolidating all risks throughout the Group.

Group Risk and Compliance Committee	• The Group Risk and Compliance Committee is a decision-making and supervisory committee. It is an umbrella committee for all the Group's risks, set up in accordance with regulatory provisions, in particular Articles 223 to 232 of the amended French Ministerial Order of November 3, 2014.
Group Counterparty and Credit Risk Committees	• Several types of committees have been established to manage credit risk for the entire Group, meeting at varying frequencies depending on their roles (ex-post or decision-making analysis) and their scope of authority.
Group Market Risk Committees	• The Group has also established decision-making and supervisory committees for both market and structural ALM risks. The frequency of their meetings is tailored to the needs of the Group and its institutions.
Non-Financial Risk Committee	• This committee meets quarterly and includes the various Groupe BPCE business lines affected by non-compliance and operational risks. It examines information system security, business continuity and accounting review issues. Its objective is to validate action plans targeting these risks, which are included in the Groupe BPCE macro-level risk map. • It also performs consolidated supervision of losses, incidents and alerts, including reports made to the *Autorité de contrôle prudentiel et de résolution* (ACPR), the French prudential supervisory authority for the banking and insurance sector, under Article 98 of Ministerial Order A-2014-11-03 as amended by the Order of February 25, 2021, for non-financial risks.
ALM Committee	• The Asset and Liability Management Committee is a decision-making and supervisory committee for asset/liability management, interest rate risk and liquidity management.
Climate Risk Committee	• This umbrella committee on the Group's physical climate, transition, liability and environmental risks meets three times a year, in response, in particular, to the regulatory provisions of the ECB and the ACPR.

Risk governance at Group institutions

BPCE's Risk division and the Group Corporate Secretary's Office oversee the Group's Risk Management, Compliance and Permanent Control functions, focusing on the management of credit, financial, operational, climate and non-compliance risks, extended to business continuity, Financial Control and Information System Security functions. They ensure that the risk policies of the affiliates and subsidiaries comply with those of Groupe BPCE.

The Risk and/or Compliance divisions of subsidiaries not subject to the banking supervision regulatory framework are functionally subordinate to Groupe BPCE's Risk division and Corporate Secretary's Office.

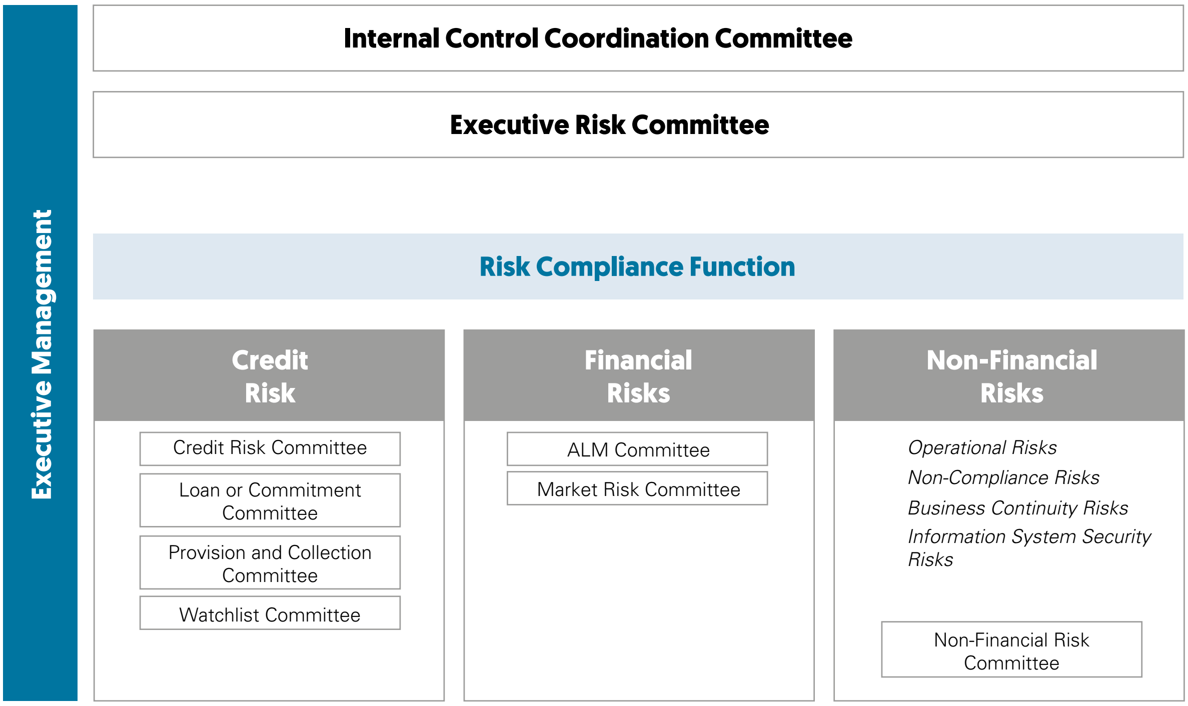
The strong functional authority is exercised by the Head of Risk Management and by the Corporate Secretary, both members of Groupe BPCE's Executive Management Committee. It enables risk controls to be performed objectively, as each Group entity's operational functions are independent from its Risk and Compliance functions. It also promotes a risk management and compliance culture and the application of shared risk management standards, and ensures that managers are given independent, objective and detailed information on the Group's risk exposures and any possible deterioration in its risk profile.

Group institutions are responsible for defining, monitoring and managing their risk levels, as well as producing reports and data for submission to the central institution's Risk division and Corporate Secretary's Office. They ensure the quality, reliability and completeness of the data used to control and monitor risks at the company level and on a consolidated basis, in line with Group risk standards and policies.

In the course of their work, the Group's institutions rely on the Group Risk, Compliance and Permanent Control Charter. The charter specifies that each institution's supervisory body and executive managers promote the risk management culture at all levels of their organization.

A twofold assessment of a) Risk Management functions and b) Compliance functions is conducted annually by the Risk Committee of the Groupe BPCE Supervisory Board.

STANDARD RISK GOVERNANCE STRUCTURE AT A GROUP INSTITUTION



Risk Governance

ORGANIZATION

The Risk Governance department is responsible for coordinating and leading the risk and compliance departments within Groupe BPCE, in conjunction with the Coprorate Secretary's office. The Risk, Compliance and Permanent Control Charter calls for the Group Risk division and Corporate Secretary's Office to participate, at their own initiative, in the annual performance assessment of the Heads of the Permanent Control functions, particularly risk and/or compliance, in consultation with the Chairman of the Management Board or the Chief Executive Officer.

The Risk Governance department deploys the entire system on a daily basis and contributes to the overall supervision of Group risks, primarily through:

- oversight and updates of key Risk and Compliance function documents such as charters and standards;
- analysis of the work done by the Executive Committees on the risks incurred by the Banques Populaires, the Caisses d'Epargne and the subsidiaries;
- coordination of Risk Management and Compliance function events through a series of national Risk Management and Compliance Days, including discussions and exchanges on risk- and compliance-related issues, presentations on the work done by the functions, training and sharing of best practices in the credit, financial, operational, climate and compliance fields between all Group institutions. Risk Management and Compliance Days also provide opportunities to strengthen group-wide solidarity in the risk management and/or compliance professions in today's ever-changing regulatory environment. In addition, audio conferences and regional meetings are very frequently attended by the Heads of Risk Management and Compliance of the networks and subsidiaries to address current topics and events;
- a document library dedicated to the functions;
- measuring the level of risk and compliance culture in the Group's institutions *via* a dedicated self-assessment;
- the performance of operational efficiency work (effective benchmark standards), work related to the risk-based approach (half-yearly risk and compliance reporting, risk appetite system, macro-mapping of risks, etc.);
- the follow-up of all recommendations issued by supervisors and by the Group's Inspection Générale unit in the area of Risk Management and Permanent Control;
- a twofold assessment of a) Risk Management functions and b) Compliance functions is conducted every year and presented to the Risk Committee of the Groupe BPCE Supervisory Board;
- managing the institutions' risk appetite framework: definition in line with the Group framework, consolidation and reporting to the bodies;
- support for new Heads of Risk Management and/or Compliance *via* a dedicated program and the annual training plan for Risk and Compliance departments;
- frequent on-site meetings with the Heads of Risk Management and/or Compliance and teams of the Banques Populaires, Caisses d'Epargne and subsidiaries;

- in addition to the Operational Committee meetings attended by the Risk division, General Meetings held with each of the main BPCE subsidiaries: Natixis, Crédit Foncier, Banque Palatine, BPCE International (extinctive management), the subsidiaries of the Financial Solutions & Expertise division, FIDOR Bank and Oney for a comprehensive review with the Head of Risk Management and/or Compliance;
- distribution of a newsletter ("Mag R&C") to the heads of Group institutions, the heads of the various functions, including Sales, and the employees of the Risk, Compliance and Permanent Control functions as well as all Group employees.

For coordination purposes, the Risk Governance department relies on a half-yearly report drawn up by the institutions, aimed at ensuring that the various components of the local systems are properly implemented and operate under satisfactory conditions, particularly with respect to banking regulations and Group charters. The findings of this report improve operational efficiency and optimize best practices throughout Groupe BPCE.

Activities specifically focused on the Lagarde report are being monitored in conjunction with the Group's institutions. There is also a system in place to monitor anomalies observed at Group institutions, aimed at ensuring that business is conducted properly and the rules of ethics are applied.

HIGHLIGHTS

- development of a Risk Assessment system for the Banques Populaires and Caisses d'Epargne which will be deployed in 2022.
- review of the risk appetite system by integrating Leverage Finance and HCSF indicators.
- continued integration of the Financial Solutions & Expertise (FSE) and ONEY subsidiaries into the Group's Risk, Compliance, Permanent Control and Security management and coordination system: annual review of their risk appetite system dedicated to FSE activities; review of the subsidiaries' risk policies; adaptation of the half-yearly Risk and Compliance questionnaires to their activities.
- completion of the first self-assessment of the level of risk and compliance culture: "EVAL R&C" system.

Risk and compliance culture

To promote and strengthen the risk and compliance culture at all levels, the Risk and Compliance department of the Risk Governance department is focused on developing risk and compliance training and awareness programs at all Group levels, establishing regular communication on risk and compliance issues throughout the Group, and disseminating and measuring the risk and compliance culture.

Training	• Risk & Compliance Academy	• 37 training courses, including:
		• a compliance program (Risk, Compliance and Audit functions)
		• a specific program for the Inspection Générale division
		• a certification program dedicated to the Risk and Compliance departments set up in Paris Dauphine
	• Risk Pursuit	• a banking risk awareness quiz: 200 questions/4 topics (credit risks, financial risks, non-financial risks and banking environment risks) targeting the employees of the Banques Populaires, the Caisses d'Epargne and the subsidiaries
	• Climate Risk Pursuit	• Climate risk awareness quiz: 200 questions targeting the employees of the Banques Populaires, the Caisses d'Epargne and the subsidiaries
	• Members of the supervisory bodies and Risk Committees of the BPs and CEs	• Annual training provided for Fédération Nationale des Banques Populaires and Fédération Nationale des Caisses d'Epargne
Communication	• The R&C Hour	• Targeting the Risk and Compliance departments of the Group institutions and the employees of BPCE SA (live and replay)
	• Regulatory holiday book	• Examination of regulatory issues (regulatory outlook, response from regulators and supervisors on Covid-19, etc.)
	• Regulatory communication	• Coordination of the risk and compliance Chapters of regulatory reports (Universal Registration Document, Pillar III, annual report on internal control, ICAAP)
Sharing of best practices	• Sharing of best practices and cross-analyses between operational entities and control functions	• Coordination of Commitment managers of the BPs, CEs and subsidiaries
		• Risk assessment of sales functions at Group institutions (New Product Committee, implementation and updating of sales processes)
		• Sharing best practices by pooling local risk management systems
Measurement of the risk and compliance culture	• Self-assessment of the level of risk and compliance culture: R&C EVAL system	• 139 questions on risk and compliance culture, based on the recommendations of the 2014 Financial Stability Board, the 2017 French Anti-Corruption Agency and the 2018 European Banking Authority guidelines

Macro-level risk mapping of institutions

The macro-level risk map plays a central role in an institution's overall risk management system: by identifying and rating its risks, in particular through the evaluation of its risk management system, each institution in the Group has its own risk profile and priority risks. This risk-based approach serves to update the risk appetite and the permanent/periodic control plans of Group institutions on a yearly basis.

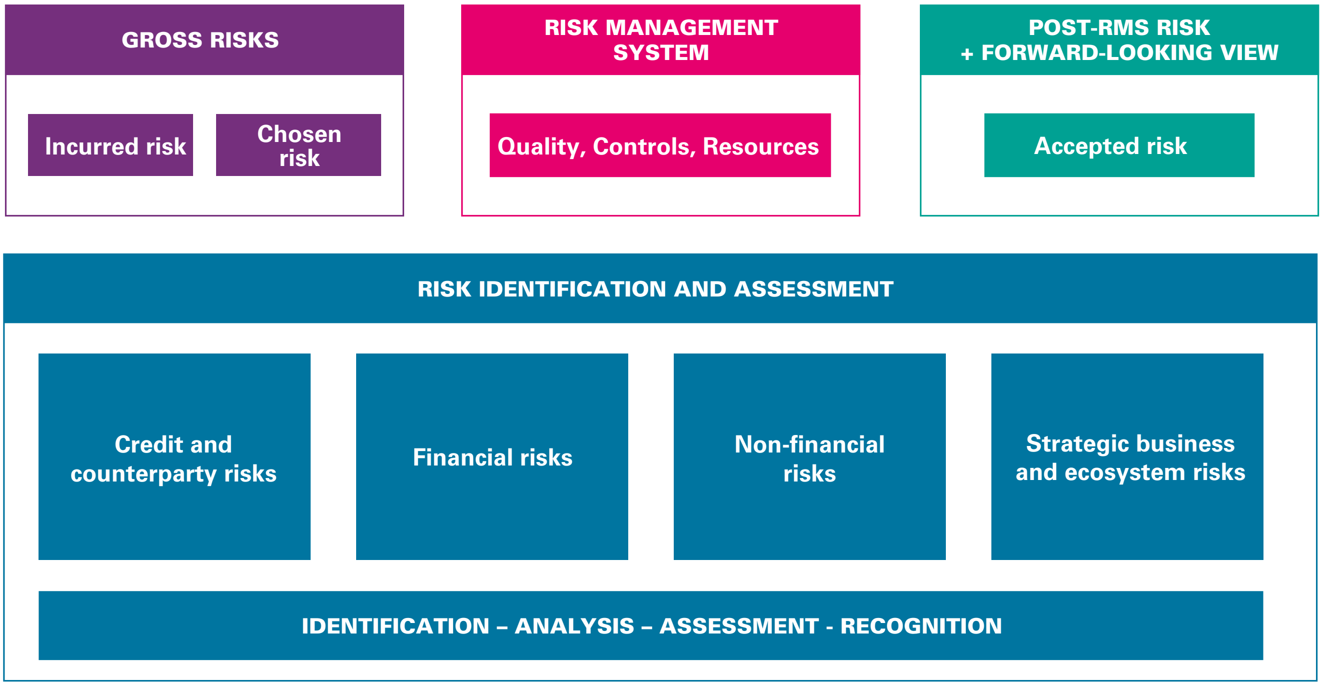
Action plans targeting high-priority risks are defined with the goal of reducing and/or managing risks.

The results of the macro-level risk mapping process contribute to the Group's Supervisory Review and Evaluation Process (SREP), by identifying the main risks under the risk management and prudential approach, included in the annual report on internal control, the ICAAP report and the Universal Registration Document (risk factors section).

In 2021, as in previous years, a consolidation of the macro-level risk mapping was carried out for each network. Each institution is able to compare the results of its own macro-level risk mapping with those of its network. Action plans set up by the institutions to address their priority risks were also consolidated.

The macro-risk mapping is integrated into the Priscop permanent control management tool, which makes it possible to automate the risk-control links in the risk management system.

Macro-level risk mapping was performed at Group level in 2021 by consolidating the macro-level risk maps of the parent company institutions and subsidiaries.



Lastly, the Risk Governance department is responsible for validating the Group's models outside Natixis, the Corporate Secretary's office (human resources and budget) of the Risk division, and, until September 1, 2021, the management of climate risks prior to the creation of a division dedicated to these risks.

Consolidated risk oversight

ORGANIZATION

In addition to the risk supervision conducted both individually and by type of risk, Groupe BPCE's Risk division also performs consolidated monitoring of the Group's risks. A Group risk dashboard is produced quarterly. It produces a quarterly Group risk dashboard, which is used to monitor the risk appetite defined by the Group as well as for comprehensive monitoring of risks based on an analysis of the Group's risk profile in each area (mapping of risk-weighted assets, credit risks and counterparty risks – by customer segment –, market risks, structural ALM risks, non-financial risks and risks related to insurance businesses). In addition to the dashboard, a monthly flash report provides the Group with a more responsive and updated overview of Group risks.

The Risk division also conducts or coordinates cross-business risk analyzes and specific stress tests on the Group's main portfolios or activities and, if needed, for the entities. In the last few years it has also developed half-year forward-looking risk analyzes aimed at identifying economic risk factors (known and emerging; international, national and regional), circumstantial threats (regulations, etc.) and their potential impact on the Group. These forward-looking analyses are presented at meetings of the Group Supervisory Board Risk Committee.

In addition, it performs specific analyses of counterparties, as well as risk measurements on a portfolio basis. It reviews and validates risk models developed internally. Finally, it contributes to efforts to define internal capital requirements as well as internal and external solvency stress tests aimed at measuring the Group's sensitivity to a series of risk factors and its resilience in the event of a severe shock, by determining impacts in terms of cost of risk and RWA.

This management was strengthened in 2021 by the implementation of a structure dedicated to the monitoring of credit portfolios.

Stress testing system

Groupe BPCE has been developing stress tests since 2011 that can be performed using the risk modules for Group strategic analysis purposes and regulatory purposes.

There are two types of stress tests:

- internal stress test (including reverse stress tests);
- regulatory stress tests (including in particular the EBA's 2021 stress test published on July 30, 2021).

Governance of the Group's stress testing system is based on a comprehensive approach covering all Group entities, taking into consideration their specific characteristics, and covering the following risks:

- credit risk: change in cost of risk and risk-weighted assets;
- securitization portfolio and counterparty risk: change in impairment and risk-weighted assets;
- market risks: market shocks, change in securities portfolios and risk-weighted assets;
- operational risks;
- insurance risk.

Risks associated with sovereign exposures are addressed according to their accounting classification in market risk or credit risk.

Models are used for each risk category to determine the impacts of scenarios on the various income statement items and capital requirements.

The methodologies used to determine the projections are based on:

- the methodology stipulated by the ECB and the EBA for regulatory stress tests;
- internal methodologies adapted to the Group's business model, as part of the budget exercise and risk management.

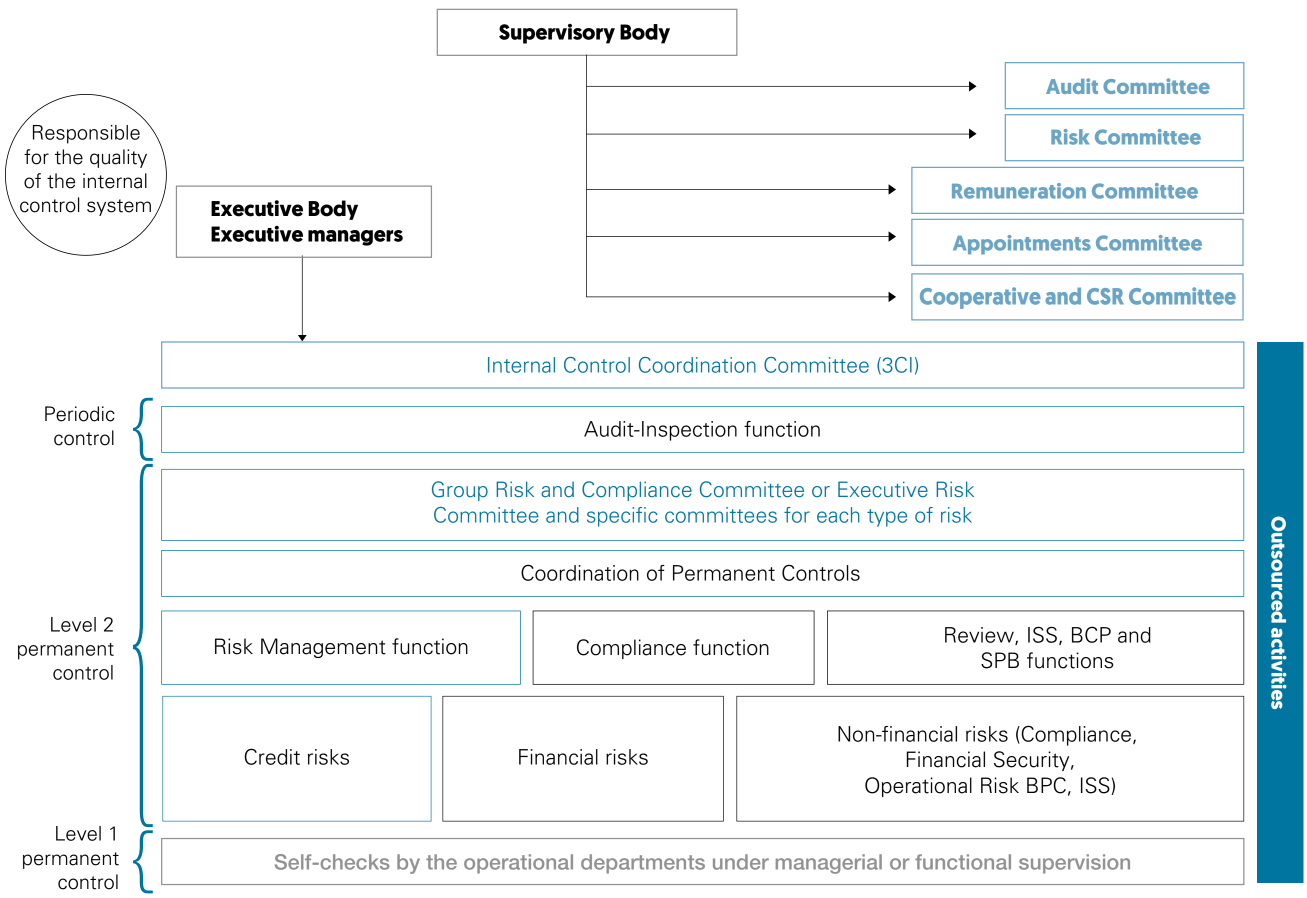
Several scenarios are tested in order to assess all impacts:

Baseline scenario	Baseline scenario comprising the budget scenario
ICAAP adverse scenarios	Scenarios that are both severe and plausible to provide relevant information on risk and resilience under the ICAAP.
PPR adverse scenarios	Scenarios used as part of the Preventive Recovery Plan to assess the Group's ability to recover.
Reverse scenarios	Scenarios performed in advance of the stress scenarios to estimate ex ante the required severity for ICAAP and PPR.

3.4 Internal control

The Group control system relies on three levels of controls, in accordance with banking regulations and sound management practices (two levels of permanent controls and one level of periodic control), as well as the establishment of consolidated control processes in accordance with provisions approved by BPCE's Management Board.

STRUCTURE OF GROUPE BPCE'S INTERNAL CONTROL SYSTEM



Permanent control system

The organization of permanent control in the Group is specified in the Internal Control Charter (updated on July 23, 2020) in paragraph 3 and in the DRCCP Charter (updated on December 9, 2021) in paragraphs 2 and 5 in accordance with the decree of November 3, 2014 (revised on February 25, 2021), in particular in article 12.

The permanent control system is based on the taxonomy of controls, which includes definitions of control methods.

The system comprises two types of level 1 controls (first line of defense LOD1) carried out by employees carrying out operational activities. These employees identify the risks associated with their activity and comply with the procedures and limits set:

- level 1.1 consists of production controls (detection of production anomalies, compliance with internal rules and procedures) usually carried out on an ongoing basis;
- level 1.2 consists of controls aimed at identifying risks/compliance with rules/procedures carried out by line managers (a line manager control implies a control distinct from the person who carried it out) or by a separate team dedicated to level 1 control. The formalization of procedures and operating modes describing the controlled operational activities are the responsibility of the first line of defense.

The system also includes two types of level 2 controls (second line of defense LOD2) performed by agents at the central and local levels:

- level 2.1 consists of controls aimed at verifying that the risks have been identified and managed by the first level of control in accordance with the rules and procedures provided for. They are carried out by employees of departments dedicated exclusively to risk management, compliance, security, permanent control or specialized functions that do not perform level 1 controls: These controls are formalized and assessed;
- level 2.2 concerns overall system controls or quality controls performed by each business line of an institution as the head of the group or of BPCE as the central institution. These controls are formalized and assessed.

THE COORDINATION OF PERMANENT CONTROLS IN INSTITUTIONS

In accordance with the Group's Risk, Compliance and Permanent Control Charter, it is recommended that a permanent control coordination function be set up in each institution or Group head office covering the entire Risk/Compliance/Security area. In the absence of a dedicated department, these missions are the responsibility of the Head of Risk, Compliance and Permanent Control or the Chief Risk Officer and the Head of Compliance, it being understood that the designated Executive Officer remains responsible for the consistency and effectiveness of the control, within the meaning of the decree of November 3, 2014 as amended by the decree of February 25, 2021.

COORDINATION OF PERMANENT CENTRAL CONTROLS

In the Corporate Secretary's Office, the main role of the Group Coordination of Permanent Controls division is to coordinate the Group's Level 1 and 2 permanent control system. In this context, it:

- proposes standards and methodological guides for the exercise of permanent control in Groupe BPCE;
- monitors the application of control standards, *i.e.* the framework document governing the Group's permanent control system – operational adaptation of the Internal Control Charter – and the control sampling standard, which is based on random, representative samples. To that end, all annual control plans of retail banking institutions are centralized and analyzed each year;
- assists the business lines in the review of controls and to ensure their risk coverage is complete. The various permanent control standards are overseen and constantly updated and expanded in the tool;
- performs consolidated reporting of control results for the Group Internal Control Committee;
- manages the system.

HIGHLIGHTS

The main changes to the permanent control system for 2021 concern:

- the continued automation of the annual control plans in the Group tool and the introduction of a module in Priscop to monitor the reliability of Level 1 controls by Level 2;
- the extension of the coverage of risk-control links, notably with the inclusion of controls in other Group tools (Drive, Norkom, Vigiclient);
- strengthening the body of permanent control standards, in particular by updating the Permanent Control Framework note, the Control Taxonomy standard, the Annual Control Plan standard, the Permanent Control Action Plans standard and the Control Documentation standard. Measures to support the business lines and manage change are also being implemented;
- the construction of a rating for the permanent control system at Groupe BPCE level in order to provide a summary and consolidated view of the results of the Group's permanent controls in 2022.

Periodic control (Level 3)

ORGANIZATION AND ROLE OF THE GROUP INSPECTION GÉNÉRALE DIVISION

DUTIES

In accordance with the duties incumbent on the central institution, and pursuant to the rules of collective solidarity, the Group Inspection Générale division is responsible for periodically verifying the operation of all Group institutions and providing their executive managers with reasonable assurance of their financial strength.

In that role, it ensures the quality, effectiveness, consistency and efficiency of their permanent control system as well as their risk management. The division's scope of authority covers all risks, all institutions and all activities, including those that are outsourced.

Its top priorities are to assess and to report to the executive and decision-making bodies of the entities and the Group as a whole on:

- the quality of its financial position;
- the level of risks actually incurred;
- the quality of its organizational structure and management;
- the consistency, adequacy and operation of risk assessment and management systems;
- the reliability and integrity of accounting and management information;
- compliance with the laws, regulations and rules applicable to Groupe BPCE or each company;
- the effective implementation of recommendations from previous audits and issued by the regulatory authorities.

Reporting to the Chairman of the Management Board, the Group Inspection Générale division performs its duties independently of the Operational and Permanent Control divisions.

REPRESENTATION ON GROUP GOVERNANCE BODIES AND RISK COMMITTEES

In the interest of exercising its duties and contributing effectively to the promotion of an auditing culture, the Head of the Group Inspection Générale division takes part, without voting rights, in the central institution's key Risk Management Committees.

As indicated above, the Head of the Group Inspection Générale division is a member of the Group Internal Control Coordination Committee and has a standing invitation to participate in the Supervisory Board's Risk Committee and the Audit Committee of BPCE, the Risk Committee and Audit Committee of Natixis, and the Risk Committee and Audit Committee of the Group's main subsidiaries (FSE division, Banque Palatine, Oney, Crédit Foncier, BPCE International).

SCOPE OF AUTHORITY

To fulfill its duties, the Group Inspection Générale division establishes and maintains an inventory of the Group's auditing scope, which is defined in coordination with the Internal Audit departments of the Group institutions.

It makes sure that all institutions, activities and corresponding risks are covered by comprehensive audits, performed at frequencies defined according to the overall risk level of each institution or activity, which must not exceed five years for banking activities.

In so doing, it takes into account not only its own audits, but also those conducted by the supervisory authorities and the Internal Audit divisions.

The annual audit plan is defined with the Chairman of the BPCE Management Board, and presented to the Group Internal Control Coordination Committee and the Supervisory Board's Risk Committee. It is also transmitted to the national and European supervisors.

REPORTING

Group Inspection Générale division audits contain recommendations prioritized by order of importance, which are regularly monitored (at least once every six months).

The division reports the findings of its work to the executive managers of the audited companies and to their supervisory body. It also reports to the Chairman of the Management Board, the Supervisory Board's Risk Committee and the Supervisory Board of BPCE. It provides them with a report on the implementation of its major recommendations, as well as those of the *Autorité de contrôle prudentiel et de résolution* (ACPR), the French prudential supervisory authority for the banking and insurance sector, and the Single Supervisory Mechanism (SSM). It sees to the expedient execution of any corrective measures to the internal control system, in accordance with Article 26 of the amended Ministerial Order of November 3, 2014 on internal control, and may call on the Supervisory Board Risk Committee to address any measures that have not been executed.

RELATIONS WITH THE PERMANENT CONTROL DIVISIONS OF THE CENTRAL INSTITUTION

In the central institution, the Head of the Group Inspection Générale division maintains regular relations and shares information with the heads of the units in the scope of inspection, and more specifically with the divisions in charge of Level 2 controls.

The heads of these divisions are responsible for notifying the Head of the Group Inspection Générale division in a timely manner of any disruption or major incident that comes to their attention. The Head of Groupe BPCE's Inspection Générale division and the Heads of Group Risk Management and Group Compliance and Security notify each other in a timely manner of any inspection or disciplinary procedure initiated by the supervisory authorities and in general of any external audits brought to their attention.

ACTIVITIES IN 2021

The Group Inspection Générale division has built up its audit plan by increasing the intensity of audits in the most important areas of risk, thanks to an overhauled risk assessment system that allows for a more detailed identification of the Group's risks (use of data), and by combining assignments by auditable unit and cross-functional assignments.

It completed 82% of its audit plan. It has made some adjustments, in particular because of travel constraints or the existence of the regulator's missions over the same period.

The whistleblowing system has been revised to support institutions/business lines in the convergence towards "0 late recommendations for all issuers" by discouraging any delay and by encouraging remedial actions.

Within this reinforced framework, it has ensured a quarterly follow-up of the Supervisors' recommendations and a half-yearly follow-up of the recommendations issued by itself and the Natixis' Inspection Générale division. It followed up on all the recommendations issued by the third line of defense on the Group (Internal Audits, Group Inspection Générale, Natixis Inspection Générale and Supervisors) as of December 31, 2021.

AUDIT FUNCTION

STRUCTURE OF THE AUDIT FUNCTION

The Group Inspection Générale division carries out its duties within the framework of business line operations. Its methods of operation – for the purposes of consolidated supervision and optimal use of resources – are set out in a charter approved by BPCE on December 7, 2009, which was last updated in July 2018.

The aim of this structure is to cover all of the Group's operational or functional units over a reasonable number of fiscal years, according to the associated risk, and to achieve efficiency between the various complementary audits conducted by the Internal Audits teams of Group entities.

The Internal Audit divisions of the direct affiliates and subsidiaries are functionally subordinate to the Group Inspection Générale division and report to the executive branch of their entity.

These ties are strictly replicated at the level of each company in the Group, which is itself a parent company.

This strong functional subordination is also based on operating rules and the Group Internal Audit Standards applicable by the entire function. It is reflected as follows:

- the existence of a single group-wide Audit Charter. It defines the end purpose, powers, responsibilities and general structure of the Internal Audit function in the overall internal control system, and applies to all Group companies supervised on a consolidated basis. This charter is implemented *via* thematic standards (audit resources, audit of the sales network, audit assignments, follow-up of recommendations, etc.);
- the appointment and dismissal of the Heads of Internal Audit of affiliates or direct subsidiaries are subject to the prior approval of the Head of the Groupe BPCE Inspection Générale division;
- the annual evaluations of Heads of Internal Audit are transmitted to the Head of the Group BPCE Inspection Générale division;
- the Group Inspection Générale division ensures that each entity's Internal Audit division holds the necessary resources to perform its duties and adequately cover the multi-year audit plan;
- the multi-year and annual audit programs carried out by the Internal Audit divisions of the Group institutions are approved in conjunction with the Group Inspection Générale division; the Group Inspection Générale division is kept regularly informed of their completion or of any change in scope;
- the Group Inspection Générale division issues a formal letter of opinion and, where applicable, any reservations on the multi-year audit plan, the quality of work performed and the audit reports submitted to the Group Inspection Générale division, and the resources allocated both in terms of number of employees and expertise;
- the Internal Audit division applies the standards and methods defined and distributed by the BPCE Group Inspection Générale division, and refers to the audit guides which are, as a matter of principle, common to all Internal Audit function auditors;
- in the course of conducting on-site audits, the Group Inspection Générale division periodically verifies that Group companies comply with the Group Internal Audit standards.

The following items are transmitted to the Group Inspection Générale division:

- the Internal Audit reports of the Group institutions, as they are produced;
- copies of the annual reports of the entities prepared in accordance with Articles 258 to 264 of the amended Ministerial Order A-2014-11-03 on internal control;
- the presentations made by the Heads of Internal Audit to the Risk Committees, and the minutes of these meetings;
- the presentations made to the supervisory body on internal control activities and findings, and extracts of the minutes of the meetings where they were examined.

The rules governing oversight of the Inspection business line between Natixis and the central institution fall within the framework of the Group audit function.

ACTIVITIES IN 2021

The reorganization of the Group Inspection Générale division, which began in 2020 as part of the OPAL project, continued in 2021. The extension of the scope of intervention of the Methods-Data and Project Management division was accompanied by a strengthening of the teams and an internal redeployment of functions.

The Data team continued its recruitment plan during the year 2021 and extended its scope of intervention. The management of data within the sector continued. Furthermore, helped by the arrival of new profiles, the level of technical expertise has increased with the multiplication of data science use cases. Data science projects aim to improve audit work in terms of added value and productivity.

Following the reorganization of the support functions linked to the OPAL project, the field of action of the Methods team has also been extended. Two new employees joined the workforce to better cover Natixis' market, financing and investment activities as well as the IT field. In addition, it supports the OMEGA project (Audit Management Solution replacing SAIG-RECO), for which the Inspection Générale division is responsible for business ownership in collaboration with the Internal Audit Directors.

In addition to its responsibilities for supporting the current Groupe BPCE recommendations management tool (SAIG-RECO), the project management team has greatly intensified its mission to assist in the management and monitoring of the OMEGA project. It ensures the quality of the data related to the risk assessments (RA) of the institutions. It also supports the audit directors of the network's institutions in the production of the RA and the audit plan for 2022 in the new tool. At the same time, it continues to assist in the search for tool solutions to meet the needs of management.

Structure of integrated control functions

The Risk division and the Corporate Secretary's Office are responsible for permanent controls at Group level, and the Group Inspection Générale division for periodic control.

The permanent and periodic control functions of affiliates and subsidiaries, subject to banking supervision, are functionally subordinate, as Consolidated Control departments, to BPCE's corresponding Central Control divisions and report to their entity's executive body.

These ties have been formally defined in charters for each function, covering:

- a standardized opinion on the appointments and dismissals of Heads of permanent/periodic control functions at direct affiliates and subsidiaries;
- reporting, information and whistleblowing obligations;
- drafting of standard practices by the central institution set out in Group standards, definition or approval of control plans.

The entire system was approved by the Management Board on December 7, 2009, and presented to the Audit Committee on December 16, 2009 and to the BPCE Supervision Board. The Risk Charter was reviewed in 2020 and 2021 and the body of standards consists of three Group charters covering all activities:

The Group's Internal Control Charter is the umbrella charter. It is based on two specific charters:

- the Internal Audit Charter; and
- the Risk, Compliance and Permanent Control Charter.

Internal Control Coordination Committee

The Chairman of the BPCE Management Board is responsible for ensuring the consistency and effectiveness of the internal control system. A Group Internal Control Coordination Committee, chaired by the Chairman of the Management Board, meets periodically.

This committee is responsible for dealing with all issues relating to the consistency and effectiveness of the Group internal control system, as well as the results of risk management and internal control work and follow-up work.

The committee's main responsibilities include:

- validating the Group Internal Control Charter, the Group Risk, Compliance and Permanent Control Charter and the Group Internal Audit Charter;
- reviewing dashboards and reports on Group control results, and presenting permanent control coordination initiatives and results;
- validating action plans to be implemented in order to achieve a consistent and efficient Group permanent control system, and assessing progress made on corrective measures adopted subsequent to recommendations issued by the Group Inspection Générale division, the national or European supervisory authorities, and the Permanent Control functions;
- reviewing the Group's internal control system, identifying any shortcomings, and suggesting appropriate solutions to further secure the institutions and the Group;
- presenting the results of institution controls or benchmarks;
- deciding on any cross-business initiatives or measures aimed at strengthening the Group's internal control system;
- ensuring consistency between measures taken to strengthen permanent control and risk areas identified during the consolidated macro-level risk mapping exercise.

The members of the Executive Management Committee in charge of Risk Management (Risk division) and Compliance and Permanent Controls (Corporate Secretary's Office), and the Head of the Group Inspection Générale division, are members of this committee. Where applicable, the Internal Control Coordination Committee may hear reports from operational managers about measures they have taken to apply recommendations made by internal and external control bodies.

3.5 Recovery Plan

BPCE's Supervisory Board approved the Group's Recovery Plan (RP) for 2021.

The plan is in line with European regulatory measures on the recovery and resolution of banks and investment firms, and with the provisions of the French Monetary and Financial Code.

The objective of the Recovery Plan is to identify measures to restore the Group's financial solidity in the event it deteriorates significantly.

The plan presents the options available to the Group to launch a crisis management system. It assesses the relevance of the different options in various crisis scenarios and the methods and resources available for their implementation.

The Recovery Plan is mainly based on the:

- Group's organizational structure and the specific implications of its cooperative status;
- identification of the Group's critical responsibilities;
- capital and liquidity management systems;
- analysis of financial crisis scenarios;
- identification of options impacting the restoration of the Group's financial position and their impacts on the Group's business model;
- preventative oversight of leading indicators on financial and economic conditions;
- establishment of the organizational structures needed to implement the recovery.

This system is monitored and coordinated by a permanent office at BPCE.

The Recovery Plan is kept up to date and approved by the Supervisory Board, aided by its Risk Committee for these purposes.

The Recovery Plan is updated annually; this year, the analysis of financial crises focused, as last year, on the Covid crisis.

4

CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

4.1 Regulatory framework

Credit institutions' 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.

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 amended by Regulation (EU) 2019/876 (the "CRR2"). As of January 1, 2014, all EU credit institutions are subject to compliance with the prudential requirements set out in these texts.

Credit institutions 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 given its countries of operation),
  - 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 banks (G-SIBs). As these buffers are not cumulative, the highest buffer applies.

The capital ratios are equal in terms of the relationship between capital and 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.

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

In 2021, Groupe BPCE 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 1 minimum capital requirements, Groupe BPCE is subject to additional Tier 1 capital requirements:

- as of January 1, 2019, the Tier 1 capital conservation buffer is 2.5% of the total amount of risk exposures;
- Groupe BPCE's countercyclical buffer equals the EAD-weighted average of the buffers defined for each of the Group's countries of operation. Groupe BPCE's maximum countercyclical buffer as from January 1, 2019 is 2.5%. With the majority of Groupe BPCE's exposure being located in countries whose countercyclical buffer was set at zero, the Group considers that this rate will be very close to 0%;
- the G-SIB buffer has been set at 1% for the Group;
- the systemic risk buffer is applied to all exposures located in the Member State setting this buffer and/or to sectoral exposures located in the same Member State. As most of Groupe BPCE's exposures are located in countries whose systemic risk buffer has been set at 0%, the Group considers that this rate will be very close to 0%.

Hybrid debt instruments eligible for inclusion in own funds under Basel II are still subject to phase-in measures in 2021. This applies to instruments that are no longer eligible under the new regulation, which under certain conditions may be eligible for the grandfathering clause. In accordance with this clause, they are gradually excluded over an eight-year period, with a 10% decrease each year. As of January 1, 2021, 10% of the overall stock reported as of December 31, 2013 is still recognized, to be no longer recognized in 2022. The unrecognized share may be included in the lower equity tier if it meets the relevant criteria.

Credit institutions must comply with 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.

REVIEW OF MINIMUM CAPITAL REQUIREMENTS UNDER PILLAR I

	2020	2021
Minimum regulatory capital requirements		
Common Equity Tier 1 (CET1)	4.5%	4.5%
Total Tier 1 capital (T1 = CET1 + AT1)	6.0%	6.0%
Regulatory capital (T1 + T2)	8.0%	8.0%
Additional requirements		
Capital conservation	2.5%	2.5%
G-SIB buffer applicable to Groupe BPCE[1]	1.0%	1.0%
Maximum countercyclical buffer applicable to Groupe BPCE[2]	2.5%	2.5%
Maximum total capital requirements for Groupe BPCE		
Common Equity Tier 1 (CET1)	10.5%	10.5%
Total Tier 1 capital (T1 = CET1 + AT1)	12.0%	12.0%
Regulatory capital (T1 + T2)	14.0%	14.0%

(1) G-SIB buffer: global systemic buffer.
(2) The countercyclical buffer requirement is calculated quarterly.

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.

For year 2021, the total capital ratio in force for Groupe BPCE under Pillar II (P2R) is 9.75%, plus a 2.50% capital conservation buffer and a 1% G-SIB buffer.

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 risk exposure, risk assessment procedures and capital adequacy.

4.2 Scope of application

Regulatory scope

Groupe BPCE is required to submit consolidated regulatory reports to the European Central Bank (ECB), the supervisory authority for euro zone 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 regulatory scope of consolidation:

- Surassur;
- Natixis Assurances;
- Compagnie Européenne de Garanties et de Cautions;
- Prépar-Vie;
- Prépar-IARD;
- Oney Insurance;
- Oney Life.

The following insurance companies are accounted for by the equity method within both the statutory and regulatory scopes of consolidation:

- Caisse de Garantie Immobilière du Bâtiment;
- Parnasse Garanties.

In addition, since the second quarter of 2020, the Versailles entity is consolidated using the equity method. This change, which concerns only the regulatory scope, since the entity is still considered to be under control within the meaning of IFRS, follows a detailed analysis of the regulatory texts. The latter stipulate that non-financial entities that do not constitute ancillary services within the meaning of the standard are accounted for using the equity method for the purposes of reporting ratios. This decision, approved by the Group's bodies, allows for an alignment of the scopes used to calculate liquidity and solvency.

EU CC2 – RECONCILIATION BETWEEN REGULATORY CAPITAL AND THE BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS

The table below shows the transition from an accounting balance sheet to a regulatory balance sheet for Groupe BPCE at December 31, 2021.

The differences between the statutory and regulatory scopes of consolidation can be attributed to restatements for subsidiaries excluded from the regulatory scope of consolidation (see description of regulatory scope of consolidation below) and the reincorporation of intra-group transactions associated with these subsidiaries.

	12/31/2021		
	Balance sheet in the published financial statements	According to the regulatory scope of consolidation	References
in millions of euros	At end of period	At end of period	
ASSETS – BREAKDOWN BY ASSET CLASSES ACCORDING TO THE BALANCE SHEET IN THE PUBLISHED FINANCIAL STATEMENTS			
Cash and amounts due from central banks	186,317	186,460	
Financial assets at fair value through profit or loss	198,919	198,707	
• *o/w debt instruments*	*30,451*	*30,181*	
• *o/w equity instruments*	*47,617*	*47,617*	
• *o/w loans (excluding repurchase agreements)*	*7,497*	*7,497*	
• *o/w repurchase agreements*	*56,170*	*56,183*	
• *o/w trading derivatives*	*43,712*	*43,756*	
• *o/w security deposits paid*	*13,473*	*13,473*	
Hedging derivatives	7,163	7,163	
Financial assets at fair value through other comprehensive income	48,598	48,753	
Securities at amortized cost	24,986	24,982	
Loans and advances due from banks at amortized cost	94,140	93,827	
Loans and advances to customers at amortized cost	781,097	781,825	
Revaluation differences on interest rate risk-hedged portfolios	5,394	5,394	
Insurance business investments	135,228	669	
Current tax assets	465	464	

	12/31/2021		
	Balance sheet in the published financial statements	According to the regulatory scope of consolidation	References
in millions of euros	At end of period	At end of period	
Deferred tax assets	3,524	3,541	1
Accrued income and other assets	13,830	13,764	
Non-current assets held for sale	2,241	2,241	
Investments accounted for using equity method	1,525	5,378	
Investment property	758	758	
Property, plant and equipment	6,396	6,361	
Intangible assets	997	816	2
Goodwill	4,443	4,393	2
TOTAL ASSETS	**1,516,021**	**1,385,495**	
LIABILITIES – BREAKDOWN BY LIABILITY CLASSES ACCORDING TO THE BALANCE SHEET IN THE PUBLISHED FINANCIAL STATEMENTS			
Central banks	6	6	
Financial liabilities at fair value through profit or loss	191,768	189,303	3
• *o/w securities sold short*	*25,974*	*25,974*	
• *o/w other liabilities issued for trading purposes*	*86,424*	*86,424*	
• *o/w trading derivatives*	*40,434*	*40,457*	
• *o/w security deposits received*	*9,616*	*9,646*	
• *o/w financial liabilities designated at fair value through profit or loss*	*29,320*	*26,802*	
Hedging derivatives	12,521	12,521	
Debt securities	237,419	235,088	
Amounts due to banks	155,391	152,020	
Amounts due to customers	665,317	668,421	
Revaluation differences on interest rate risk-hedged portfolios	184	184	
Current tax liabilities	1,313	1,299	
Deferred tax liabilities	1,049	838	1
Accrued expenses and other liabilities	20,115	19,956	
Liabilities associated with non-current assets held for sale	1,946	1,946	
Liabilities related to insurance contracts	125,081		
Provisions	5,330	5,276	
Subordinated debt	18,990	18,786	3
TOTAL LIABILITIES	**1,436,429**	**1,305,645**	
EQUITY			
Equity attributable to equity holders of the parent	78,884	78,881	4
Share capital and additional paid-in capital	*28,240*	*28,240*	
Consolidated reserves	*45,126*	*45,119*	
Gains and losses recognized directly in other comprehensive income	*1,516*	*1,518*	
Net income for the period	*4,003*	*4,004*	
Non-controlling interests	707	969	5
TOTAL SHAREHOLDERS' EQUITY	**79,591**	**79,850**	

in millions of euros	12/31/2020 Balance sheet in the published financial statements At end of period	According to the regulatory scope of consolidation At end of period	References
ASSETS – BREAKDOWN BY ASSET CLASSES ACCORDING TO THE BALANCE SHEET IN THE PUBLISHED FINANCIAL STATEMENTS			
Cash and amounts due from central banks	153,403	153,685	
Financial assets at fair value through profit or loss	196,260	196,362	
• *o/w debt instruments*	*30,055*	*29,805*	
• *o/w equity instruments*	*38,529*	*38,529*	
• *o/w loans (excluding repurchase agreements)*	*6,154*	*6,134*	
• *o/w repurchase agreements*	*65,947*	*66,255*	
• *o/w trading derivatives*	*40,233*	*40,292*	
• *o/w security deposits paid*	*15,340*	*15,347*	
Hedging derivatives	9,608	9,608	
Financial assets at fair value through other comprehensive income	49,630	49,786	
Securities at amortized cost	26,732	26,729	
Loans and advances due from banks at amortized cost	90,018	89,656	
Loans and advances to customers at amortized cost	746,809	747,661	
Revaluation differences on interest rate risk-hedged portfolios	8,941	8,941	
Insurance business investments	124,566	715	
Current tax assets	747	711	
Deferred tax assets	3,667	3,712	1
Accrued income and other assets	16,366	16,357	
Non-current assets held for sale	2,599	2,599	
Investments accounted for using equity method	4,586	8,220	
Investment property	770	770	
Property, plant and equipment	6,222	6,215	
Intangible assets	1,038	841	2
Goodwill	4,307	4,256	2
TOTAL ASSETS	**1,446,269**	**1,326,826**	

	12/31/2020		
	Balance sheet in the published financial statements	According to the regulatory scope of consolidation	
in millions of euros	At end of period	At end of period	References
LIABILITIES – BREAKDOWN BY LIABILITY CLASSES ACCORDING TO THE BALANCE SHEET IN THE PUBLISHED FINANCIAL STATEMENTS			
Central banks			
Financial liabilities at fair value through profit or loss	191,371	190,706	3
• *o/w securities sold short*	*22,474*	*22,475*	
• *o/w other liabilities issued for trading purposes*	*93,528*	*93,528*	
• *o/w trading derivatives*	*37,276*	*37,294*	
• *o/w security deposits received*	*10,312*	*10,312*	
• *o/w financial liabilities designated at fair value through profit or loss*	*27,782*	*27,098*	
Hedging derivatives	15,262	15,262	
Debt securities	228,201	226,263	
Amounts due to banks	138,416	134,007	
Amounts due to customers	630,837	633,387	
Revaluation difference on interest rate risk-hedged portfolios, liabilities	243	243	
Current tax liabilities	485	466	
Deferred tax liabilities	1,239	1,024	1
Accrued expenses and other liabilities	22,662	22,551	
Liabilities associated with non-current assets held for sale	1,945	1,945	
Liabilities related to insurance contracts	114,608		
Provisions	6,213	6,171	
Subordinated debt	16,375	16,162	3
TOTAL LIABILITIES	**1,367,857**	**1,248,185**	
EQUITY			
Equity attributable to equity holders of the parent	72,683	72,672	4
Share capital and additional paid-in capital	*27,481*	*27,481*	
Consolidated reserves	*42,547*	*42,540*	
Gains and losses recognized directly in other comprehensive income	*1,045*	*1,042*	
Net income for the period	*1,610*	*1,610*	
Non-controlling interests	5,728	5,968	5
TOTAL SHAREHOLDERS' EQUITY	**78,412**	**78,641**	

4.3 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 ("CRR") amended by EU Regulation 2019/876 ("CRR2").

It is divided into three categories: Common Equity Tier 1, 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.

BPCE 01 – PHASED-IN REGULATORY CAPITAL

in millions of euros	12/31/2021 Basel III Phased-in [1]	12/31/2020 Basel III Phased-in [1]
Share capital and additional paid-in capital	28,240	27,481
Consolidated reserves	45,119	42,540
Net income for the period	4,004	1,610
Gains and losses recognized directly in other comprehensive income	1,518	1,042
Consolidated equity attributable to equity holders of the parent	**78,881**	**72,672**
Perpetual deeply subordinated notes classified as other comprehensive income	-	-
Consolidated equity attributable to equity holders of the parent excluding perpetual deeply subordinated notes classified as other comprehensive income	**78,881**	**72,672**
Non-controlling interests	193	4,229
• *o/w prudential filters*	-	-
Deductions	(4,825)	(4,835)
• *o/w goodwill*[2]	*(4,176)*	*(4,095)*
• *o/w intangible assets*[2]	*(649)*	*(740)*
• *o/w irrevocable payment commitments*	-	-
Prudential restatements	(4,485)	(3,097)
• *o/w shortfall of credit risk adjustments to expected losses*	*(203)*	*(391)*
• *o/w prudent valuation*	*(702)*	*(512)*
• *o/w insufficient coverage for non-performing exposures – Pillar II*	*(613)*	-
Common Equity Tier 1[3]	**69,764**	**68,969**
Additional Tier 1 capital	-	8
Tier 1 capital	**69,764**	**68,977**
Tier 2 capital	12,951	9,257
TOTAL REGULATORY CAPITAL	**82,715**	**78,234**

(1) Phased-in: after taking phase-in arrangements into account.
(2) Including non-current assets and entities held for sale classified as held for sale.
(3) Common Equity Tier 1 included €27,924 million in cooperative shares (after taking allowances into account) on December 31, 2021 and €26,851 million on December 31, 2020.

A detailed breakdown of regulatory capital by category, as required by implementing Regulation No. 1423/2013, is published at the following address: https://groupebpce.com/en/investors/results-and-publications/pillar-iii

Details of debt instruments recognized as additional Tier 1 and Tier 2 capital, other instruments eligible for TLAC, as well as their characteristics, as required by implementing Regulation No. 1423/2013 are published at https://groupebpce.com/en/investors/results-and-publications/pillar-iii

Common Equity Tier 1 (CET1)

CORE CAPITAL AND DEDUCTIONS

Common Equity Tier 1 consists of:

- share capital;
- additional paid-in capital or merger premiums;
- reserves, including revaluation differences and gains or losses recognized directly in other comprehensive income;
- retained earnings;
- net income attributable to equity holders of the parent;
- 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 (excluding the amount of prudently valued software, exempt from deduction) 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 comparison between provisions and expected losses (in this calculation, performing loans are clearly separated from loans in default);
- equity interests in eligible banking, financial and insurance institutions, according to the rules on allowances for these holdings 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;
- 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.

BPCE 02 – CHANGES IN CET1 CAPITAL

in millions of euros	CET1 capital
12/31/2020	**68,970**
Cooperative share issues	1,041
Income net of proposed dividend payout	3,561
• *Other items*[(1)]	*(3,808)*
12/31/2021	**69,764**

(1) Including buyout of Natixis minority shareholders, adjusted for a favorable deductible effect of -3,036 million.

BPCE03 – BREAKDOWN OF NON-CONTROLLING INTERESTS (MINORITY INTERESTS)

in millions of euros	Non-controlling interests
CARRYING AMOUNT (REGULATORY SCOPE) – 12/31/2021	**969**
Perpetual deeply subordinated notes classified as non-controlling interests	(152)
Ineligible non-controlling interests	(561)
Proposed dividend payout	-
Caps on eligible non-controlling interests	(64)
Non-controlling interests (excluding other items)	**193**
Other items	0
PRUDENTIAL AMOUNT – 12/31/2021	**193**

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.

Deductions comprise equity interests in eligible banking, financial and insurance institutions, according to the rules on allowances for these holdings.

BPCE04 – CHANGE IN AT1 CAPITAL

in millions of euros	AT1 capital
12/31/2020	**8**
Redemptions	(30)
Issues	-
Foreign exchange effect	-
Other adjustments	22
12/31/2021	**-**

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 (in this calculation, performing loans are clearly separated from loans in default).

Deductions comprise equity interests in eligible banking, financial and insurance institutions, according to the rules on allowances for these holdings.

BPCE 05 – CHANGES IN TIER 2 CAPITAL

in millions of euros	Tier 2 capital
12/31/2020	**9,257**
Redemption of subordinated notes	-
Prudential haircut	(2,044)
New subordinated note issues	4,498
Phase-in deductions and adjustments	799
Foreign exchange effect	440
12/31/2021	**12,951**

4.4 Regulatory capital requirements and risk-weighted assets

In accordance with Regulation No. 575/2013 (CRR) of the European Parliament as amended by Regulation (EU) 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.

The methodology applied for IRB approaches is described in greater detail in section 5 "Credit risk."

In addition to 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.

EU OV1 – OVERVIEW 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.

	Risk-weighted assets		Total capital requirements
in millions of euros	12/31/2021	12/31/2020	12/31/2021
Credit risk (excluding CCR)	**368,035**	**361,527**	**29,443**
• o/w standardized approach	149,609	142,651	11,969
• o/w simple IRB approach (F-IRB)	62,865	62,118	5,029
• o/w referencing approach	40	20	3
• o/w equities under the simple risk-weighted approach	36,372	44,358	2,910
• o/w advanced IRB approach (A-IRB)	111,765	106,585	8,941
Counterparty credit risk – CCR	**14,399**	**12,052**	**1,152**
• o/w standardized approach	3,468	-	277
• o/w internal model method (IMM)	4,357	-	349
• o/w mark-to-market	-	9,829	-
• o/w exposures on a CCP	328	253	26
• o/w credit valuation adjustment – CVA	2,536	1,969	203
• o/w other CCRs	3,711	-	297
Settlement risk	**11**	**6**	**1**
Securitization exposures in the banking book (after cap)	**4,100**	**4,880**	**328**
• o/w SEC-IRBA approach	387	788	31
• o/w SEC-ERBA (including IAA)	1,781	2,885	142
• o/w SEC-SA approach	1,596	1,206	128
• o/w 1,250%/deduction	336	-	27
Market risk	**15,142**	**14,439**	**1,211**
• o/w standardized approach	9,571	7,292	766
• o/w internal models approach	5,571	7,147	446
Large exposures	**-**	**-**	**-**
Operational risk	**39,741**	**38,318**	**3,179**
• o/w basic indicator approach	-	-	-
• o/w standardized approach	39,741	38,318	3,179
• o/w advanced measurement approach	-	-	-
Amounts below the deduction thresholds (before weighting of risk of 250%)	**5,258**	**4,533**	**421**
TOTAL	**441,428**	**431,222**	**35,314**

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

		Basel III phased-in				
in millions of euros		Credit risk[1]	CVA	Market risk	Operational risk	Total
Retail banking	December 31, 2020	265,889	27	1,209	24,517	291,643
	December 31, 2021	282,824	56	1,563	25,377	309,821
Global Financial Services[2]	December 31, 2020	60,466	1,822	10,199	10,657	83,144
	December 31, 2021	62,187	2,248	10,465	10,788	85,688
Other	December 31, 2020	50,141	120	3,031	3,144	56,436
	December 31, 2021	38,998	231	3,114	3,576	45,918
TOTAL RISK-WEIGHTED ASSETS	**DECEMBER 31, 2020**	**376,496**	**1,969**	**14,439**	**38,318**	**431,222**
	DECEMBER 31, 2021	**384,009**	**2,536**	**15,142**	**39,741**	**441,428**

(1) Including settlement-delivery risk.
(2) Combination of the Asset & Wealth Management & Corporate & Investment Banking divisions.

EU INS1 – NON-DEDUCTED PARTICIPATIONS IN INSURANCE UNDERTAKINGS

	12/31/2021	
in millions of euros	Exposure value	Risk-weighted exposure
Equity instruments held in insurance or reinsurance companies or insurance holding companies not deducted from capital	3,468	12,832

	12/31/2020	
in millions of euros	Exposure value	Risk-weighted exposure
Equity instruments held in insurance or reinsurance companies or insurance holding companies not deducted from capital	6,775	22,259

4.5 Management of capital adequacy

The methods used by Groupe BPCE to calculate risk-weighted assets are described in section 4.4 "Regulatory capital requirements and risk-weighted assets."

Regulatory capital and capital ratios

BPCE07 – REGULATORY CAPITAL AND BASEL III PHASED-IN CAPITAL RATIOS

in millions of euros	12/31/2021 Basel III phased-in	12/31/2020 Basel III phased-in
Common Equity Tier 1 (CET1)	69,764	68,969
Additional Tier 1 (AT1) capital	-	8
TOTAL TIER 1 (T1) CAPITAL	**69,764**	**68,977**
Tier 2 (T2) capital	12,951	9,257
TOTAL REGULATORY CAPITAL	**82,715**	**78,234**
Credit risk exposure	383,998	376,490
Settlement/delivery risk exposure	11	6
CVA risk exposure	2,536	1,969
Market risk exposure	15,142	14,439
Operational risk exposure	39,741	38,318
TOTAL RISK EXPOSURE	**441,428**	**431,222**
Capital adequacy ratios		
Common Equity Tier 1 ratio	15.8%	16.0%
Tier 1 ratio	15.8%	16.0%
Total capital ratio	18.7%	18.1%

CHANGES IN GROUPE BPCE'S CAPITAL ADEQUACY IN 2021

The Common Equity Tier 1 ratio was 15.8% on December 31, 2021 *versus* 16.0% at December 31, 2020.

Several exceptional items impacted the Common Equity Tier 1 ratio in 2021:

- the acquisition of non-controlling interests in Natixis (-74 basis points);
- the cession of CNP Assurances and Coface (+20 basis points);
- the deduction in respect of the additional Pillar 2 requirements of the insufficient provisioning of non-performing loans granted before April 26, 2019 (-12 basis points).

The change in the Common Equity Tier 1 ratio in 2021 can also be attributed to:

- the increase in Common Equity Tier 1 capital, driven in particular by earnings taken to reserves (+85 basis points) and cooperative share inflows (+25 basis points);
- the increase in risk-weighted assets related to the activity (-54 basis points).

At 15.8%, Groupe BPCE's Common Equity Tier 1 ratio on December 31, 2021 was also significantly higher than the ECB's minimum requirement, as defined by the European Central Bank (ECB) during the 2021 Supervisory Review and Evaluation Process (SREP). The total capital ratio stood at 18.7% at December 31, 2021, *i.e.* above the ECB's minimum requirement, compared with 18.1% at December 31, 2020.

GROUPE BPCE 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 below the trigger for the Maximum Distributable Amount.

Capital and TLAC management is thus less sensitive to prudential changes (*e.g.* not dependent on G-SIB classification). As a result, the Group very predominantly builds its total loss absorbing capacity from CET1 and additionally from subordinated MREL-eligible and TLAC-eligible debt (mainly Tier 2 capital and senior non-preferred debt). The issues of these eligible debts are carried out by BPCE.

Finally, in addition to TLAC, Groupe BPCE carries bail-inable debt, the majority of which is accepted for the calculation of MREL: accordingly, senior preferred debt issued by BPCE is eligible for MREL, with Groupe BPCE leaving the possibility of meeting MREL requirements open, beyond its total loss absorbing capacity, with any bail-inable debt instrument.

The Single Resolution Board set the Group's MREL requirement in March 2021 (equivalent to 25% of risk-weighted assets), which has now been met with room to spare. As a result, the Group does not need to modify or increase its issuance program. This requirement will be updated in the first half of 2022.

With regard to the subordination constraint, Groupe BPCE complies with Articles 92a 1.(a) and 494 of CRR Regulation No. 575/2013 providing for a requirement of 21.5% of RWA since 2022. The subordination requirement in the leverage base is set at 6.75% since 2022 pursuant to Article 92a 1.(b) of the CRR.

CAPITAL ALLOCATION EQUITY AND SOLVENCY MANAGEMENT

The Group implemented action plans over the course of 2021 aimed specifically at ensuring the capital adequacy of its networks and its subsidiaries. BPCE thus subscribed to two "Additional Tier 1" loans from Natixis (€500 million and US$430 million) and two "Tier 2" loans from Natixis (two times €900 million, i.e. €1.8 billion in total).

LEVERAGE RATIO

The entry into force of the Capital Requirements Regulation, CRR2, makes the leverage ratio a binding requirement as from June 28, 2021. The minimum requirement for this ratio to be met at all times is 3%.

This regulation authorizes certain exemptions in the calculation of exposures concerning regulated savings transferred to Caisse des Dépôts et Consignation for the totality of the centralized outstandings and Central Bank exposures for a limited period (pursuant to ECB decision 2021/27 of June 18, 2021).

This last exemption makes it possible to avoid the impact of the increase in central bank assets that began with the Covid-19 crisis. The reference date for the calculation of this adjusted requirement was set at December 31, 2019. The Group's adjusted requirement is 3.23%.

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. The leverage ratio is projected and managed at the same time as Groupe BPCE's solvency trajectory. The risk of excessive leverage is also measured in the internal stress test *via* the projection of the regulatory leverage ratio.

Groupe BPCE's leverage ratio, as calculated under the rules of the Commission Delegated Regulation of October 10, 2014, was 5.75% on December 31, 2021 based on phased-in Tier 1 capital and with the application of the CCR2 regulation allowing the exclusion of central bank exposures.

EU LR1 – LRSUM – TRANSITION FROM BALANCE SHEET TO LEVERAGE EXPOSURE

	Applicable amount	
in millions of euros	**12/31/2021**	**12/31/2020**
TOTAL ASSETS AS PER PUBLISHED FINANCIAL STATEMENTS	**1,516,021**	**1,446,269**
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(130,526)	(119,443)
(Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference)	-	-
(Adjustment for temporary exemption of exposures to central bank (if applicable))	(172,768)	(130,523)
(Adjustment for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with paragraph 1 of point (i) of Article 429a of CRR)	-	-
Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
Adjustment for eligible cash pooling transactions	-	-
Adjustments for derivative financial instruments	(17,374)	(32,459)
Adjustment for securities financing transactions (SFTs)	7,766	(5,098)
Adjustment for off-balance sheet items (*i.e.* conversion to credit equivalent amounts of off-balance sheet exposures)	92,026	85,085
(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-	-
(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with paragraph 1 of point (c) of Article 429a of CRR)	-	-
(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with paragraph 1 of point (j) of Article 429a of CRR)	(76,596)	-
Other adjustments	(5,693)	(5,688)
TOTAL EXPOSURE MEASURE	**1,212,857**	**1,238,143**

Without applying the phase-in measures (in particular the exclusion of central banks) and without taking into account subordinated debt issues not eligible as additional Tier 1 capital, Groupe BPCE's leverage ratio came to 5.03% on December 31, 2021.

FINANCIAL CONGLOMERATE RATIO

As an institution exercising banking and Insurance activities, Groupe BPCE 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 institution's prudential capital sufficiently covers the total regulatory capital requirements for its banking activities (in accordance with CRR2) 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. Capital requirements within the banking scope are determined by multiplying risk-weighted assets by the applicable rate under Pillar II, *i.e.* 14.26% at December 31, 2021, unchanged from December 31, 2020.

On December 31, 2021, Groupe BPCE's surplus capital amounted to €20.5 billion.

Supervisory Review and Evaluation Process

SREP-ICAAP PROCESS

As the supervisory authority under Pillar II, the ECB conducts an annual assessment of banking institutions. This assessment, referred to as the Supervisory Review and Evaluation Process (SREP), is primarily based on:

- an evaluation based on information taken from prudential reports;
- documentation established by each banking institution, including in particular the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP);
- an assessment of governance & risks, the business model, share capital and liquidity.

Based on the conclusions of the SREP carried out by the ECB in 2021, Groupe BPCE shall maintain a consolidated Common Equity Tier 1 ratio of 9.52% on January 1, 2021, including:

- 1.50% in respect of Pillar II requirements (excluding Pillar II guidance);
- 2.50% in respect of the capital conservation buffer;
- 1.00% in respect of the buffer for global systemically important banks (G-SIB buffer);
- 0.02% in respect of the countercyclical buffer.

The corresponding total capital requirement will be 13.52% (excluding Pillar II guidance):

- with a Common Equity Tier 1 ratio of 15.8% at end-2021, Groupe BPCE has exceeded the specific capital requirements set by the ECB;
- as regards the internal capital adequacy assessment under Pillar II, the principles defined in the ICAAP/ILAAP guidelines published by the ECB in February 2018 were applied in Groupe BPCE's ICAAP. The assessment is thus carried out using two different approaches:
  - a "normative" approach aimed at measuring the impact of internal stress tests within three years of the initial Pillar I regulatory position,
  - an "economic" approach aimed at identifying, quantifying and hedging risks using internal capital over the short-term (one year) and using internal methodologies. The methodologies developed by Groupe BPCE provide a better assessment of risks that are already covered under Pillar I, and also an additional assessment of risks that are not covered by Pillar I.

The results obtained using these two approaches confirmed the Group's financial soundness and no capital buffer is necessary in addition to the existing regulatory buffers.

Outlook

The objectives of the new 2021-2024 strategic plan are, with regard to the Common Equity Tier 1 ratio, to exceed 15.5%, and with regard to the subordinated MREL ratio (*i.e.* TLAC), to exceed 23.5%.

The Group remained on the list of G-SIBs (Global Systemically Important Banks) in November 2021.

MREL – TLAC

In addition to capital adequacy ratios, ratios aimed at verifying the Group's capacity to carry out a bail-in in the event of default are implemented *via* the Minimum Requirement for own funds and Eligible Liabilities (MREL) and Total Loss Absorbing Capacity. This second ratio is known as TLAC, according to the terminology of the Financial Stability Board, and in Europe it is defined in the BRRD directive and the CRR regulation as subordinated MREL. Groupe BPCE has established internal monitoring of these indicators.

Senior unsecured debt with a maturity of more than one year and the Group's equity make up the numerator of the MREL ratio. The Group's current MREL requirement was received in February 2022.

The updated total MREL requirement was set at 25% of the Group's risk-weighted assets. The total MREL ratio reached 31.1% at December 31, 2021, compared with 30.2% at December 31, 2020.

For subordinated MREL, the numerator only includes junior liabilities through senior non-preferred debt because BPCE has renounced for the time being the use of a senior preferred debt allowance.

The TLAC ratio serves the same purpose as subordinated MREL and only applies to G-SIBs. CRR2, published at the same time as BRRD2, transcribed TLAC into positive law in the form of a minimum subordinated MREL requirement applicable to G-SIBs. As indicated above, the Group has set its own TLAC target above the regulatory requirement, which is 21.5% of RWAs in 2022, *i.e.* 18% plus the 3.5% solvency buffers.

TLAC (Total Loss Absorbing Capacity) amounted to €109.4 billion at end-December 2021. The subordinated MREL ratio was 24.8% on December 31, 2021 compared to 23.6% on December 31, 2020.

4.6 Detailed quantitative disclosures

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

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

All companies consolidated by the equity method are associates.

	12/31/2021						
		Prudential consolidation method[1]					
Entity name	**Accounting consolidation method**	**Full consolidation**	**Proportionate consolidation**	**Equity method**	**Not consolidated or deducted**	**Deducted**	**Description of the entity**
I) CONSOLIDATING ENTITY							
I-1 Banque Populaire banks							
BANQUE POPULAIRE ALSACE LORRAINE CHAMPAGNE	FC	X					Banking
BANQUE POPULAIRE AQUITAINE CENTRE ATLANTIQUE	FC	X					Banking
BANQUE POPULAIRE AUVERGNE RHÔNE ALPES	FC	X					Banking
BANQUE POPULAIRE BOURGOGNE FRANCHE-COMTÉ	FC	X					Banking
BANQUE POPULAIRE DU NORD	FC	X					Banking
BANQUE POPULAIRE DU SUD	FC	X					Banking
BANQUE POPULAIRE GRAND OUEST	FC	X					Banking
BANQUE POPULAIRE MÉDITERRANÉE	FC	X					Banking
Banque Populaire Méditerranée Monaco branch	FC	X					Banking
BANQUE POPULAIRE OCCITANE	FC	X					Banking
BANQUE POPULAIRE RIVES DE PARIS	FC	X					Banking
BANQUE POPULAIRE VAL DE FRANCE	FC	X					Banking
BRED BANQUE POPULAIRE	FC	X					Banking
CASDEN BANQUE POPULAIRE	FC	X					Banking
CRÉDIT COOPÉRATIF	FC	X					Banking
I-2 Caisses d'Epargne							
CAISSE D'EPARGNE AQUITAINE POITOU-CHARENTES	FC	X					Banking
CAISSE D'EPARGNE BRETAGNE PAYS DE LOIRE	FC	X					Banking
CAISSE D'EPARGNE CÔTE D'AZUR	FC	X					Banking
Caisse d'Epargne Côte d'Azur, Monaco branch	FC	X					Banking
CAISSE D'EPARGNE D'AUVERGNE ET DU LIMOUSIN	FC	X					Banking
CAISSE D'EPARGNE DE BOURGOGNE FRANCHE-COMTÉ	FC	X					Banking
CAISSE D'EPARGNE DE MIDI-PYRÉNÉES	FC	X					Banking
CAISSE D'EPARGNE HAUTS DE FRANCE	FC	X					Banking
Caisse d'Epargne Hauts de France, Belgium branch	FC	X					Banking
CAISSE D'EPARGNE ÎLE-DE-FRANCE	FC	X					Banking
CAISSE D'EPARGNE LANGUEDOC-ROUSSILLON	FC	X					Banking
CAISSE D'EPARGNE LOIRE-CENTRE	FC	X					Banking
CAISSE D'EPARGNE LOIRE DRÔME ARDÈCHE	FC	X					Banking
CAISSE D'EPARGNE GRAND EST EUROPE	FC	X					Banking

	12/31/2021						
		Prudential consolidation method[1]					
Entity name	**Accounting consolidation method**	**Full consolidation**	**Proportionate consolidation**	**Equity method**	**Not consolidated or deducted**	**Deducted**	**Description of the entity**
CAISSE D'EPARGNE NORMANDIE	FC	X					Banking
CAISSE D'EPARGNE PROVENCE-ALPES-CORSE	FC	X					Banking
CAISSE D'EPARGNE RHÔNE ALPES	FC	X					Banking
I-3 BPCE SA							
BPCE SA	FC	X					Banking
I-4 Mutual Guarantee Companies							
32 MUTUAL GUARANTEE COMPANIES	FC	X					Guarantee companies
I-5 Affiliated institutions							
CRÉDIT MARITIME DE MÉDITERRANEE REGIONAL CAISSE	FC	X					Banking
II) "ASSOCIATE" INSTITUTIONS							
GEDEX DISTRIBUTION	NI	X					Financial company
SOCIÉTÉ FINANCIÈRE DE LA NEF	NI	X					Financial company
SOCOREC	NI	X					Financial company
SOFISCOP SUD EST	NI	X					Guarantee company
SOMUDIMEC	NI	X					Guarantee company
C.M.G.M.	NI	X					Guarantee company
EDEL	EQ	X					Banking
III) SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES							
III-1 Banque Populaire subsidiaries							
ACLEDA	EQ			X			Banking
ADRAXTRA CAPITAL	FC	X					Private equity
AURORA	EQ			X			Holding company
BANQUE CALÉDONIENNE D'INVESTISSEMENT	EQ			X			Banking
BANQUE DE SAVOIE	FC	X					Banking
BANQUE DE TRANSITION ÉNERGETIQUE	FC	X					Financial investment advisory services
BANQUE FRANCO LAO	FC	X					Banking
BCEL	EQ			X			Banking
BCI MER ROUGE	FC	X					Banking
BCP LUXEMBOURG	FC	X					Banking
BIC BRED	FC	X					Banking
BIC BRED (Suisse) SA	FC	X					Banking
BP DÉVELOPPEMENT	FC	X					Private equity
BPA ATOUTS PARTICIPATIONS	FC	X					Private equity
BRD CHINA LTD	FC	X					Private equity
BRED BANK CAMBODIA PLC	FC	X					Financial company
BRED BANK FIJI LTD	FC	X					Banking
BRED COFILEASE	FC	X					Non-real estate leasing
BRED GESTION	FC	X					Banking
BRED IT	FC	X					IT services
BRED SALOMON ISLAND	FC	X					Banking
BRED VANUATU	FC	X					Banking
BTP BANQUE	FC	X					Banking
BTP CAPITAL CONSEIL	FC	X					Financial investment advisory services
BTP CAPITAL INVESTISSEMENT	FC	X					Private equity
CADEC	EQ			X			Private equity

Entity name	12/31/2021						
		Prudential consolidation method[1]					
	Accounting consolidation method	Full consolidation	Proportionate consolidation	Equity method	Not consolidated or deducted	Deducted	Description of the entity
CAISSE DE GARANTIE IMMOBILIÈRE DU BÂTIMENT	EQ			X			Insurance
CAISSE SOLIDAIRE	FC	X					Financial company
CLICK AND TRUST	FC	X					Data processing
COFEG	FC	X					Consulting
COFIBRED	FC	X					Holding company
COOPEST	EQ			X			Private equity
COOPMED	EQ			X			Private equity
CREPONORD	FC	X					Non-real estate and real estate leasing
ECOFI INVESTISSEMENT	FC	X					Portfolio management
EPBF	FC	X					Payment institution
ESFIN	EQ			X			Private equity
ESFIN GESTION	FC	X					Portfolio management
EURO CAPITAL	FC	X					Private equity
FCC ELIDE	FC	X					French securitization fund (FCT)
FINANCIÈRE DE LA BP OCCITANE	FC	X					Holding company
FINANCIÈRE IMMOBILIÈRE DERUELLE	FC	X					Real estate investment
FONCiÈRE BFCA	FC	X					Real estate development/ management, real estate investment
FONCIÈRE DU VANUATU	FC	X					Real estate investment
FONCIÈRE VICTOR HUGO	FC	X					Holding company
GARIBALDI CAPITAL DÉVELOPPEMENT	FC	X					Private equity
GARIBALDI PIERRE	FC	X					Real estate operations
GESSINORD	FC	X					Real estate operations
GROUPEMENT DE FAIT	FC	X					Services company
IBP INVESTISSEMENT	FC	X					Real estate operations
IMMOCARSO SNC	FC	X					Investment property
INFORMATIQUE BANQUES POPULAIRES	FC	X					IT services
INGEPAR	FC	X					Financial investment advisory services
IRR INVEST	FC	X					Private equity
MULTICROISSANCE SAS	FC	X					Portfolio management
NAXICAP RENDEMENT 2018	FC	X					Private equity
NAXICAP RENDEMENT 2022	FC	X					Private equity
NAXICAP RENDEMENT 2024	FC	X					Private equity
NJR INVEST	FC	X					Private equity
OUEST CROISSANCE SCR	FC	X					Private equity
PARNASSE GARANTIES	EQ			X			Insurance
PARTICIPATIONS BP ACA	FC	X					Holding company
PERSPECTIVES ENTREPRISES	FC	X					Holding company
PLUSEXPANSION	FC	X					Holding company
PREPAR COURTAGE	FC	X					Insurance brokerage
PRÉPAR-IARD	FC			X			Non-life insurance
PRÉPAR-VIE	FC			X			Life insurance and endowment

Entity name	Accounting consolidation method	12/31/2021 Prudential consolidation method[1] Full consolidation	Proportionate consolidation	Equity method	Not consolidated or deducted	Deducted	Description of the entity
PROMEPAR GESTION	FC	X					Portfolio management
RIVES CROISSANCE	FC	X					Holding company
SAS ALPES DÉVELOPPEMENT DURABLE INVESTISSEMENT	FC	X					Private equity
SAS GARIBALDI PARTICIPATIONS	FC	X					Real estate operations
SAS SOCIETE IMMOBILIERE DE LA REGION RHONE ALPES	FC	X					Real estate operations
SAS SUD CROISSANCE	FC	X					Private equity
SAS TASTA	FC	X					Services company
SASU BFC CROISSANCE	FC	X					Private equity
SAVOISIENNE	FC	X					Holding company
SBE	FC	X					Banking
SCI BPSO	FC	X					Real estate operations
SCI BPSO BASTIDE	FC	X					Real estate operations
SCI BPSO MÉRIGNAC 4 CHEMINS	FC	X					Real estate operations
SCI BPSO TALENCE	FC	X					Real estate operations
SCI DU CRÉDIT COOPÉRATIF DE SAINT-DENIS	FC	X					Real estate operations
SCI FAIDHERBE	FC	X					Real estate operations
SCI POLARIS	FC	X					Real estate operations
SCI PYTHÉAS PRADO 1	FC	X					Real estate operations
SCI PYTHEAS PRADO 2	FC	X					Real estate operations
SCI SAINT-DENIS	FC	X					Real estate operations
SEGIMLOR	FC	X					Real estate operations
SI ÉQUINOXE	FC	X					Holding company
SIPMÉA	FC	X					Real estate development/ management, real estate investment
SOCIÉTÉ CENTRALE DU CRÉDIT MARITIME MUTUEL	FC	X					Services company
SOCIÉTÉ D'EXPANSION BOURGOGNE FRANCHE-COMTÉ	FC	X					Holding company
SOCIÉTÉ IMMOBILIÈRE PROVENÇALE ET CORSE	FC	X					Holding company
SOCREDO	EQ			X			Banking
SOFIAG	FC	X					Financial company
SOFIDER	FC	X					Financial company
SPIG	FC	X					Property leasing
SUD PARTICIPATIONS IMMOBILIÈRES (formerly SAS FINANCIERE IMMOBILIERE 15)	FC	X					Housing real estate development
TISE[2]	FC	X					Private equity
TRANSIMMO	FC	X					Real estate agent
UNION DES SOCIÉTÉS DU CRÉDIT COOPÉRATIF (GIE)	FC	X					Services company
VAL DE FRANCE IMMO	FC	X					Real estate operations
VAL DE FRANCE TRANSACTIONS	FC	X					Services company
VIALINK	FC	X					Data processing
III-2 Caisses d'Epargne subsidiaries							
339 UNITED STATES	FC	X					Real estate operations
ADOUR SERVICES COMMUNS	FC	X					Real estate operations
AFOPEA	FC	X					Real estate operations
APOUTICAYRE LOGEMENTS	FC	X					Real estate operations

Entity name	12/31/2021						
		Prudential consolidation method[1]					
	Accounting consolidation method	Full consolidation	Proportionate consolidation	Equity method	Not consolidated or deducted	Deducted	Description of the entity
BANQUE BCP SAS	FC	X					Banking
BANQUE DE NOUVELLE-CALÉDONIE	FC	X					Banking
BANQUE DE TAHITI	FC	X					Banking
BANQUE DU LÉMAN	FC	X					Banking
BATIMAP	FC	X					Non-real estate leasing
BATIMUR	FC	X					Non-real estate leasing
BATIROC BRETAGNE PAYS DE LOIRE	FC	X					Non-real estate and real estate leasing
BCEF 64	FC	X					Real estate operations
BDR IMMO 1	FC	X					Real estate operations
BEAULIEU IMMO	FC	X					Real estate operations
BLEU RÉSIDENCE LORMONT	FC	X					Real estate operations
BRETAGNE PARTICIPATIONS	FC	X					Private equity
BURODIN	FC	X					Real estate operations
CAPITOLE FINANCE	FC	X					Non-real estate leasing
CE DÉVELOPPEMENT	FC	X					Private equity
CE DÉVELOPPEMENT II	FC	X					Private equity
CEBIM	FC	X					Holding company
CEPAC FONCIERE	FC	X					Real estate operations
CEPAC INVESTISSEMENT ET DÉVELOPPEMENT	FC	X					Private equity
CEPAIM SA	FC	X					Real estate operations
CEPRAL	FC	X					Investments in real estate development
CRISTAL IMMO	FC	X					Real estate operations
EUROTERTIA	FC	X					Real estate operations
FERIA PAULMY	FC	X					Real estate operations
G IMMO	FC	X					Real estate operations
G102	FC	X					Real estate operations
GIE CE SYNDICATION RISQUES	FC	X					Guarantee company
IMMOCEAL	FC	X					Investment property
INCITY	FC	X					Real estate operations
IT-CE	FC	X					IT services
LABEGE LAKE H1	FC	X					Real estate operations
LANGLADE SERVICES	FC	X					Real estate operations
LEVISEO	FC	X					Real estate operations
MIDI COMMERCES	FC	X					Real estate operations
MIDI FONCIÈRE	FC	X					Real estate operations
MIDI MIXT	FC	X					Real estate operations
MONTAUDRAN PLS	FC	X					Real estate operations
MURET ACTIVITÉS	FC	X					Real estate operations
NOVA IMMO	FC	X					Real estate operations
PHILAE SAS	FC	X					Real estate operations
RIOU	FC	X					Real estate operations
ROISSY COLONNADIA	FC	X					Real estate operations
SAS FONCIÈRE DES CAISSES D'EPARGNE	FC	X					Investment property
SAS FONCIÈRE ECUREUIL II	FC	X					Investment property
SAS LOIRE CENTRE IMMO	FC	X					Real estate investment
SAS NSAVADE	FC	X					Investment property

Entity name	Accounting consolidation method	Full consolidation	Proportionate consolidation	Equity method	Not consolidated or deducted	Deducted	Description of the entity
	12/31/2021						
		Prudential consolidation method[1]					
SC RES. AILES D'ICARE	EQ				X		Real estate operations
SC RES. CARRÉ DES PIONNIERS	EQ				X		Real estate operations
SC RES. ILOT J	EQ				X		Real estate operations
SC RES. LATECOERE	EQ				X		Real estate operations
SC RES. MERMOZ	EQ				X		Real estate operations
SC RES. SAINT EXUPERY	EQ				X		Real estate operations
SCI AVENUE WILLY BRANDT	FC	X					Investment property
SCI DANS LA VILLE	FC	X					Investment property
SCI FONCIÈRE 1	FC	X					Investment property
SCI DANS LA VILLE	FC	X					Real estate operations
SCI FONCIÈRE 1	FC	X					Investment property
SCI GARIBALDI OFFICE	FC	X					Real estate operations
SCI LA FAYETTE BUREAUX	FC	X					Real estate operations
SCI LE CIEL	FC	X					Real estate operations
SCI LE RELAIS	FC	X					Real estate operations
SCI LOIRE CENTRE MONTESPAN	FC	X					Real estate operations
SCI SHAKE HDF	FC	X					Real estate operations
SCI TOURNON	FC	X					Real estate operations
SNC ECUREUIL 5 RUE MASSERAN	FC	X					Investment property
SOCIÉTÉ HAVRAISE CALÉDONIENNE	FC	X					Real estate operations
SODERO PARTICIPATIONS	FC	X					Private equity
SPPICAV AEW FONCIÈRE ECUREUIL	FC	X					Real estate operations
TECHNOCITÉ TERTIA	FC	X					Real estate operations
TÉTRIS	FC	X					Real estate operations
VIVALIS INVESTISSEMENTS	FC	X					Real estate operations
III-3 BPCE subsidiaries							
ALBIANT-IT	FC	X					IT systems and software consulting
BATILEASE	FC	X					Real estate leasing
BPCE ACHATS	FC	X					Services company
BPCE BAIL	FC	X					Real estate leasing
BPCE Car lease	FC	X					Long-term vehicle leasing
BPCE ENERGECO	FC	X					Non-real estate leasing
BPCE EXPERTISE IMMOBILIER (ex CRÉDIT FONCIER EXPERTISE)	FC	X					Real estate valuation
BPCE FACTOR	FC	X					Factoring
BPCE financement	FC	X					Consumer loans
BPCE INFOGÉRANCE ET TECHNOLOGIE	FC	X					IT services
BPCE LEASE	FC	X					Non-real estate leasing
BPCE lease immo	FC	X					Real estate leasing
BPCE LEASE MADRID – Branch	FC	X					Non-real estate and real estate leasing
BPCE LEASE MILAN – Branch	FC	X					Non-real estate and real estate leasing
BPCE Lease Nouméa	FC	X					Non-real estate leasing
BPCE Lease Réunion	FC	X					Non-real estate leasing

	12/31/2021						
		Prudential consolidation method[1]					
Entity name	Accounting consolidation method	Full consolidation	Proportionate consolidation	Equity method	Not consolidated or deducted	Deducted	Description of the entity
BPCE Lease Tahiti	FC	X					Non-real estate leasing
BPCE MASTER HOME LOANS DEMUT / BPCE CONSUMER LOANS DEMUT	FC	X					French securitization fund (FCT)
BPCE MASTER HOME LOANS FCT/BPCE CONSUMER LOANS FCT	FC	X					French securitization fund (FCT)
BPCE PERSONAL CAR LEASE	FC	X					Long-term vehicle leasing
BPCE SERVICES FINANCIERS (ex CSF-GCE)	FC	X					Services company
BPCE SFH	FC	X					Funding
BPCE SOLUTIONS CRÉDIT (EX GIE ÉCUREUIL CRÉDIT)	FC	X					Services company
BPCE SOLUTIONS IMMOBILIÈRES (ex CRÉDIT FONCIER IMMOBILIER)	FC	X					Real estate operations
CICOBAIL SA	FC	X					Real estate leasing
CO ASSUR CONSEIL ASSURANCE SA (BROKERAGE)	FC	X					Insurance brokerage advisory
COMPAGNIE EUROPÉENNE DE GARANTIES ET DE CAUTIONS	FC			X			Insurance
FCT PUMACC	FC	X					Consumer loans securitization vehicle
FIDOR BANK AG [2]	FC	X					Digital banking
GCE PARTICIPATIONS	FC	X					Holding company
INTER-COOP SA	FC	X					Real estate leasing
LEASE EXPANSION SA	FC	X					IT operational leasing
MAISON FRANCE CONFORT PROU INVESTISSEMENTS	EQ			X			Real estate development
MIDT FACTORING A/S	FC	X					Factoring
MIFCOS	FC	X					Investment property
SOCFIM	FC	X					Banking
SOCFIM PARTICIPATIONS IMMOBILIÈRES	FC	X					Holding company
SOCRAM BANQUE	EQ			X			Banking
SPORTS IMAGINE	FC	X					Services company
Sud Ouest Bail SA	FC	X					Real estate leasing
SURASSUR	FC	X					Reinsurance
ONEY Group							
ONEY BANK	FC	X					Holding company
FLANDRE INVESTMENT SAS	FC	X					Credit institution, electronic payment systems, new technologies and holding company
ONEY SERVICIOS FINANCIEROS EFC S.A.U (SPAIN)	FC	X					Brokerage
BA FINANS (RUSSIA)	FC	X					Brokerage, financial institution
ONEY PENZFORGALMI SZOLGALTATO KFT.	FC	X					Financial institution
ONEY MAGYARORSZAG ZRT	FC	X					Financial institution
GEFIRUS SAS	FC	X					Credit institution, electronic payment systems, new technologies and holding company

Entity name	12/31/2021						
		Prudential consolidation method[1]					
	Accounting consolidation method	Full consolidation	Proportionate consolidation	Equity method	Not consolidated or deducted	Deducted	Description of the entity
IN CONFIDENCE INSURANCE SAS	FC	X					Credit institution, electronic payment systems, new technologies and holding company
ONEY HOLDING LIMITED (MALTA)	FC	X					Holding company
ONEY LIFE (PCC) LIMITED (MALTA)	FC				X		Insurance
ONEY INSURANCE (PCC) LIMITED (MALTA)	FC				X		Insurance
ONEY POLSKA	FC	X					Brokerage, financial institution
ONEY SERVICES SP ZOO	FC	X					Brokerage, financial institution
ONEY FINANCES (ROMANIA)	FC	X					Brokerage
SMARTNEY	FC	X					Brokerage and Banking
ONEY Portugal branch	FC	X					Brokerage
ONEYTRUST SAS	FC	X					Credit institution, electronic payment systems, new technologies and holding company
ONEY SPA (ITALY)	FC	X					Brokerage
ONEY UKRAINE (UKRAINE)	FC	X					Brokerage
ONEY Gmbh	FC	X					Services, business development consulting
Groupe BPCE International							
BPCE INTERNATIONAL	FC	X					Specialized credit institution
BPCE INTERNATIONAL HO CHI MINH CITY (Vietnam branch)	FC	X					Specialized credit institution
BPCE MAROC	FC	X					Real estate development
FRANSA BANK	EQ				X		Banking
OCÉORANE	FC	X					Financial investment advisory services
PRAMEX INTERNATIONAL	FC	X					International development and consulting services
PRAMEX INTERNATIONAL AP LTD – HONG KONG	FC	X					International development and consulting services
PRAMEX INTERNATIONAL AU CASABLANCA	FC	X					International development and consulting services
PRAMEX INTERNATIONAL CO LTD – SHANGHAI	FC	X					International development and consulting services
PRAMEX INTERNATIONAL CONSULTING PRIVATE LTD – MUMBAI	FC	X					International development and consulting services
PRAMEX INTERNATIONAL CORP – NEW YORK	FC	X					International development and consulting services
PRAMEX INTERNATIONAL DO BRAZIL CONSULTARIA LTDA – SAO PAULO	FC	X					International development and consulting services

	12/31/2021						
		Prudential consolidation method[1]					
Entity name	Accounting consolidation method	Full consolidation	Proportionate consolidation	Equity method	Not consolidated or deducted	Deducted	Description of the entity
PRAMEX INTERNATIONAL GmbH – FRANKFURT	FC	X					International development and consulting services
PRAMEX INTERNATIONAL LTD – LONDON	FC	X					International development and consulting services
PRAMEX INTERNATIONAL PTE. LTD. – SINGAPORE	FC	X					International development and consulting services
PRAMEX INTERNATIONAL S.R.L. – MILAN	FC	X					International development and consulting services
PRAMEX INTERNATIONAL SA – MADRID	FC	X					International development and consulting services
PRAMEX INTERNATIONAL SARL – TUNIS	FC	X					International development and consulting services
PRAMEX INTERNATIONAL SP. Z.O.O. – VARSOVIE	FC	X					International development and consulting services
Crédit Foncier Group							
BANCO PRIMUS	FC	X					Banking
BANCO PRIMUS Spain	FC	X					Banking
CFG COMPTOIR FINANCIER DE GARANTIE	FC	X					Guarantee company
COFIMAB	FC	X					Real estate agent
COMPAGNIE DE FINANCEMENT FONCIER	FC	X					Financial company
CRÉDIT FONCIER DE FRANCE	FC	X					Banking
Crédit Foncier de France – Belgium branch	FC	X					Banking
FONCIER PARTICIPATIONS	FC	X					Holding company
FONCIÈRE D'ÉVREUX	FC	X					Real estate operations
GRAMAT BALARD	FC	X					Real estate operations
SOCIÉTÉ D'INVESTISSEMENT ET DE PARTICIPATION IMMOBILIÈRE (SIPARI)	FC	X					Holding company
Banque Palatine group							
ARIES ASSURANCES	FC	X					Insurance brokerage
BANQUE PALATINE	FC	X					Banking
CONSERVATEUR FINANCE	EQ			X			Fund management
PALATINE ASSET MANAGEMENT	FC	X					Asset Management
Global Financial Services Division							
NATIXIS PFANDBRIEFBANK AG	FC	X					Credit institution
Azure Capital Holdings Pty Ltd	FC	X					M&A advisory services
Azure Capital Securities Pty Ltd	FC	X					Fund management and Equity capital markets
The Azure Capital Trust	FC	X					Holding company
Azure Capital Limited	FC	X					Holding company
NATIXIS AUSTRALIA PTY LTD	FC	X					Financial institutions
Saudi Arabia Investment Company	FC	X					Financial institutions
NATIXIS BELGIQUE INVESTISSEMENTS	FC	X					Investment company
EDF INVESTISSEMENT GROUPE	EQ			X			Investment company
Vermilion Advisory Company Limited	FC	X					M&A advisory services
Natixis Partners Iberia, SA	FC	X					M&A advisory services
NATIXIS NORTH AMERICA LLC	FC	X					Holding company

	12/31/2021						
		Prudential consolidation method[1]					
Entity name	**Accounting consolidation method**	**Full consolidation**	**Proportionate consolidation**	**Equity method**	**Not consolidated or deducted**	**Deducted**	**Description of the entity**
Peter J. Solomon Company LP	FC	X					M&A advisory services
Peter J. Solomon Securities Company	FC	X					Brokerage
NATIXIS FUNDING CORP	FC	X					Other financial company
Versailles	FC			X			Securitization vehicle
NATIXIS SECURITIES AMERICAS LLC	FC	X					Brokerage
NATIXIS FINANCIAL PRODUCTS LLC	FC	X					Derivatives transactions
NATIXIS REAL ESTATE HOLDINGS LLC	FC	X					Real estate finance
NATIXIS REAL ESTATE CAPITAL LLC	FC	X					Real estate finance
CM REO HOLDINGS TRUST	FC	X					Secondary markets finance
CM REO TRUST	FC	X					Secondary markets finance
MSR TRUST	FC	X					Real estate finance
NATIXIS US MTN Program LLC	FC	X					Issuing vehicle
NATIXIS SA	FC	X					Credit institution
NATIXIS IMMO DEVELOPPEMENT	FC	X					Housing real estate development
CONTANGO TRADING SA	FC	X					Brokerage company
Natixis Partners	FC	X					M&A advisory services
FCT Liquidité Short 1	FC	X					Securitization vehicle
EOLE COLLATERAL	FC	X					Securitization vehicle
SPG	FC	X					Mutual fund
NATIXIS MARCO	FC	X					Investment company (extension of activity)
NATIXIS INNOV	FC	X					Holding company
Investima 77	FC	X					Holding company
Natixis Alternative Holding Limited	FC	X					Holding company
Fenchurch Partners LLP	FC	X					M&A advisory services
Vermilion Partners (UK) Limited	FC	X					Holding company
Vermilion Partners LLP	FC	X					M&A advisory services
NATIXIS ASIA LTD	FC	X					Other financial company
Natixis Holdings (Hong Kong) Limited	FC	X					Holding company
Vermilion Partners (Holdings) Limited	FC	X					Holding company
Vermilion Partners Limited	FC	X					Holding company
Natixis Global Services (India) Private Limited	FC	X					Operational support
NATINIUM FINANCIAL PRODUCTS	FC	X					Securitization vehicle
Bleachers Finance	FC	X					Securitization vehicle
DF EFG3 LIMITED	FC	X					Holding company
NATIXIS JAPAN SECURITIES CO, LTD	FC	X					Financial institution
NATIXIS STRUCTURED PRODUCTS LTD	FC	X					Issuing vehicle
NATIXIS TRUST	FC	X					Holding company
NATIXIS REAL ESTATE FEEDER SARL	FC	X					Investment company
NATIXIS ALTERNATIVE ASSETS	FC	X					Holding company
Natixis Structured Issurance	FC	X					Issuing vehicle
Natixis Bank JSC, Moscow	FC	X					Banking
NATIXIS Zweigniederlassung Deutschland-Branch	FC	X					Financial institution
NATIXIS CANADA-Branch	FC	X					Financial institution
NATIXIS SHANGHAI-Branch	FC	X					Financial institution

Entity name	12/31/2021						
		Prudential consolidation method[1]					
	Accounting consolidation method	Full consolidation	Proportionate consolidation	Equity method	Not consolidated or deducted	Deducted	Description of the entity
NATIXIS BEIJING-Branch	FC	X					Financial institution
NATIXIS DUBAI - Branch	FC	X					Financial institution
NATIXIS NEW YORK-Branch	FC	X					Financial institution
NATIXIS MADRID-Branch	FC	X					Financial institution
NATIXIS LONDON - Branch	FC	X					Financial institution
NATIXIS HONG KONG-Branch	FC	X					Financial institution
NATIXIS MILAN-Branch	FC	X					Financial institution
NATIXIS TOKYO-Branch	FC	X					Financial institution
NATIXIS LABUAN-Branch	FC	X					Financial institution
NATIXIS PORTO-Branch	FC	X					Financial institution
NATIXIS SINGAPORE-Branch	FC	X					Financial institution
NATIXIS TAIWAN-Branch	FC	X					Financial institution
NATIXIS COFICINÉ	FC	X					Finance company (audiovisual)
AEW invest GmbH	FC	X					Distribution
Natixis Investment Managers Australia Pty Limited	FC	X					Distribution
Investors Mutual Limited	FC	X					Asset Management
Mirova Natural Capital Brazil Consultoria e Assessoria LTDA	FC	X					Consulting services
Natixis IM Canada Holdings Ltd	FC	X					Holding company
Natixis Investment Managers Korea Limited	FC	X					Distribution
AEW Korea LLC	FC	X					Asset Management
AEW CAPITAL MANAGEMENT, INC.	FC	X					Asset Management
AEW CAPITAL MANAGEMENT, LP	FC	X					Asset Management
AEW PARTNERS V, INC.	FC	X					Asset Management
AEW PARTNERS VI, INC.	FC	X					Asset Management
AEW PARTNERS VII, INC.	FC	X					Asset Management
AEW SENIOR HOUSING INVESTORS II INC	FC	X					Asset Management
AEW Value Investors Asia II GP Limited	FC	X					Asset Management
AEW VIA INVESTORS, LTD	FC	X					Asset Management
AEW Partners Real Estate Fund VIII LLC	FC	X					Asset Management
AEW Senior Housing Investors III LLC	FC	X					Asset Management
AEW Senior Housing Investors IV LLC	FC	X					Asset Management
AEW Partners Real Estate Fund IX, LLC	FC	X					Asset Management
AEW Cold Ops MM, LLC	FC	X					Asset Management
AEW EHF GP, LLC	FC	X					Asset Management
AEW Core Property (U.S.) GP, LLC (22)	FC	X					Asset Management
Seaport Strategic Property Program I Co-Investors, LLC	FC	X					Asset Management
ALPHASIMPLEX GROUP LLC	FC	X					Asset Management
AURORA INVESTMENT MANAGEMENT LLC	FC	X					Asset Management
CASPIAN CAPITAL MANAGEMENT, LLC	FC	X					Asset Management
EPI SLP LLC	FC	X					Asset Management
EPI SO SLP LLC	FC	X					Asset Management
GATEWAY INVESTMENT ADVISERS, LLC	FC	X					Asset Management
HARRIS ALTERNATIVES HOLDING INC	FC	X					Holding company
HARRIS ASSOCIATES LP	FC	X					Asset Management
HARRIS ASSOCIATES SECURITIES, LP	FC	X					Distribution
HARRIS ASSOCIATES, INC.	FC	X					Asset Management
LOOMIS SAYLES & COMPANY, INC.	FC	X					Asset Management

Entity name	12/31/2021 Accounting consolidation method	Prudential consolidation method[1] Full consolidation	Proportionate consolidation	Equity method	Not consolidated or deducted	Deducted	Description of the entity
LOOMIS SAYLES & COMPANY, LP	FC	X					Asset Management
LOOMIS SAYLES ALPHA, LLC.	FC	X					Asset Management
LOOMIS SAYLES DISTRIBUTORS, INC.	FC	X					Distribution
LOOMIS SAYLES DISTRIBUTORS, LP	FC	X					Distribution
LOOMIS SAYLES TRUST COMPANY, LLC	FC	X					Asset Management
Loomis Sayles Operating Services, LLC	FC	X					Asset Management
Ostrum AM US LLC	FC	X					Asset Management
NATIXIS ASG HOLDINGS, INC	FC	X					Distribution
Flexstone Partners LLC	FC	X					Asset Management
Natixis Investment Managers, LLC	FC	X					Holding company
Natixis Advisors, LLC (formerly Natixis Advisors, LP)	FC	X					Distribution
Natixis Distribution, LLC (formerly Natixis Distribution, LP)	FC	X					Distribution
NATIXIS INVESTMENT MANAGERS INTERNATIONAL, LLC	FC	X					Distribution
NIM-os, LLC	FC	X					Media and digital
VAUGHAN NELSON INVESTMENT MANAGEMENT, INC.	FC	X					Asset Management
VAUGHAN NELSON INVESTMENT MANAGEMENT, LP	FC	X					Asset Management
Mirova US LLC	FC	X					Asset Management
Natixis IM innovation	FC	X					Asset Management
AEW Europe SA (formerly AEW SA)	FC	X					Asset Management
AEW (formerly AEW Ciloger)	FC	X					Real estate management
ALLIANCE ENTREPRENDRE	FC	X					Asset Management
DARIUS CAPITAL CONSEIL	FC	X					Financial investment advisory services
DNCA Finance	FC	X					Asset Management
Dorval Asset Management	FC	X					Asset Management
Flexstone Partners SAS	FC	X					Asset Management
Mirova	FC	X					Management of venture capital mutual funds
Natixis Investment Managers International	FC	X					Distribution
Ostrum AM (New)	FC	X					Asset Management
Natixis TradEx Solutions	FC	X					Holding company
NATIXIS INVESTMENT MANAGERS	FC	X					Holding company
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 1	FC	X					Holding company
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 3	FC	X					Holding company
NAXICAP PARTNERS	FC	X					Management of venture capital mutual funds
OSSIAM	FC	X					Asset Management
SEVENTURE PARTNERS	FC	X					Asset Management
SEEYOND	FC	X					Asset Management
MV Credit France	FC	X					Holding company
H2O AM Europe	FC	X					Asset Management
Thematics Asset Management	FC	X					Asset Management
Vauban Infrastructure Partners	FC	X					Asset Management

	12/31/2021						
		Prudential consolidation method[1]					
Entity name	Accounting consolidation method	Full consolidation	Proportionate consolidation	Equity method	Not consolidated or deducted	Deducted	Description of the entity
AEW EUROPE ADVISORY LTD	FC	X					Asset Management
AEW EUROPE CC LTD	FC	X					Asset Management
AEW EUROPE HOLDING LTD	FC	X					Asset Management
AEW EUROPE INVESTMENT LTD	FC	X					Asset Management
AEW EUROPE LLP	FC	X					Asset Management
AEW EUROPE PARTNERSHIP	FC	X					Asset Management
AEW GLOBAL ADVISORS (EUROPE) LTD	FC	X					Asset Management
AEW GLOBAL LTD	FC	X					Asset Management
AEW GLOBAL UK LTD	FC	X					Asset Management
AEW UK INVESTMENT MANAGEMENT LLP	FC	X					Asset Management
AEW PROMOTE LP LTD	FC	X					Asset Management
AEW EVP GP LLP	FC	X					Asset Management
H2O ASSET MANAGEMENT LLP	FC	X					Asset Management
H2O ASSET MANAGEMENT Corporate Member	FC	X					Asset Management
LOOMIS SAYLES INVESTMENTS Ltd (UK)	FC	X					Asset Management
NATIXIS INVESTMENT MANAGERS UK Ltd	FC	X					Distribution
Natixis Investment Managers UK (Funds) Limited (UK), LLC	FC	X					Operational support
Mirova Natural Capital Limited	FC	X					Asset Management
MV Credit Limited	FC	X					Asset Management
MV Credit LLP	FC	X					Asset Management
AEW ASIA LIMITED	FC	X					Asset Management
NATIXIS INVESTMENT MANAGERS HONG KONG LIMITED	FC	X					Asset Management
Poincaré Holdings Ltd	FC	X					Asset Management
Poincaré Capital Management Ltd	FC	X					Asset Management
Natixis Investment Managers International Hong Kong Limited	FC	X					Asset Management
PURPLE FINANCE CLO 1	FC	X					Securitization vehicle
PURPLE FINANCE CLO 2	FC	X					Securitization vehicle
Asahi Natixis Investment Managers Co. Ltd	EQ			X			Distribution
NATIXIS INVESTMENT MANAGERS JAPAN CO, LTD	FC	X					Asset Management
AEW Japan Corporation	FC	X					Asset Management
AEW Value Investors Asia III GP Limited	FC	X					Asset Management
AEW EUROPE SARL	FC	X					Asset Management
AEW EUROPE GLOBAL LUX	FC	X					Asset Management
AEW VIA IV GP Partners Sarl	FC	X					Asset Management
AEW APREF GP Sarl	FC	X					Asset Management
AEW Core Property (US) Lux GP, SARL	FC	X					Asset Management
H2O ASSET MANAGEMENT HOLDING	FC	X					Asset Management
KENNEDY FINANCEMENT Luxembourg	FC	X					Investment company – Asset management
KENNEDY FINANCEMENT Luxembourg 2	FC	X					Central corporate treasury – Asset management
LOOMIS SAYLES ALPHA Luxembourg, LLC	FC	X					Asset Management
NATIXIS INVESTMENT MANAGERS S.A	FC	X					Distribution
MV Credit SARL	FC	X					Asset Management
Thematics Subscription Economy Fund	FC	X					Asset Management
Natixis IM Mexico, S. de R.L de C.V.	FC	X					Asset Management
H2O AM MONACO SAM	FC	X					Asset Management

Entity name	Accounting consolidation method	12/31/2021 Prudential consolidation method[1] Full consolidation	Proportionate consolidation	Equity method	Not consolidated or deducted	Deducted	Description of the entity
Prometheus Wealth Management SAM	FC	X					Asset Management
Loomis Sayles (Netherlands) BV	FC	X					Distribution
AEW CENTRAL EUROPE	FC	X					Asset Management
Natixis Investment Managers Singapore Limited	FC	X					Asset Management
AEW Asia Pte LTD	FC	X					Asset Management
LOOMIS SAYLES INVESTMENTS ASIA Pte Ltd	FC	X					Asset Management
H2O AM Asia Pte Ltd	FC	X					Asset Management
Flexstone Partners SARL	FC	X					Asset Management
Natixis Investment Managers Switzerland Sarl	FC	X					Asset Management
NATIXIS INVESTMENT MANAGERS SECURITIES INVESTMENT CONSULTING CO. LTD	FC	X					Asset Management
Natixis Investment Managers Uruguay S.A.	FC	X					Distribution
Natixis Investment Managers S.A, Zweignierderlaasung Deutschland	FC	X					Distribution
AEW Asia Limited Australian branch	FC	X					Asset Management
Natixis Investment Managers S.A., Belgian Branch	FC	X					Distribution
Natixis Investment Managers Middle East (branch)	FC	X					Distribution
Natixis Investment Managers, Branch in Spain	FC	X					Distribution
AEW Europe LLP (Branch in Spain)	FC	X					Distribution
Mirova Natural Capital Limited, branch in France	FC	X					Asset Management
AEW Italian Branch (formerly AEW Ciloger Italian Branch)	FC	X					Distribution
Natixis Investment Managers S.A, Italy Branch	FC	X					Distribution
DNCA Finance Milan Branch	FC	X					Asset Management
DNCA Finance Branch Luxembourg	FC	X					Asset Management
Natixis Investment Managers, Netherlands (branch)	FC	X					Distribution
Loomis Sayles & Company, LP, Dutch Branch	FC	X					Distribution
AEW - Dutch Branch	FC	X					Real estate management
AEW Central Europe Czech (branch)	FC	X					Distribution
Natixis Investment Managers, Nordics subsidiary (branch)	FC	X					Distribution
Mirova Sweden subsidiary (branch)	FC	X					Asset Management
Natixis Investment Managers US Holdings, LLC	FC	X					Holding company
NATIXIS PRIVATE EQUITY	FC	X					Private equity
DAHLIA A SICAR SCA	FC	X					Private equity
Natixis Wealth Management Luxembourg	FC	X					Banking
Natixis Wealth Management	FC	X					Credit institution
VEGA INVESTMENT MANAGERS	FC	X					Mutual fund holding company
1818 IMMOBILIER	FC	X					Real estate operations
TEORA	FC	X					Insurance brokerage company
Massena Partners SA	FC	X					Asset manager and investment advisory firm
Massena Wealth Management SARL	FC	X					Asset manager and investment advisory firm
Massena Partners – Branch	FC	X					Asset manager and investment advisory firm

		12/31/2021					
		Prudential consolidation method[1]					
Entity name	Accounting consolidation method	Full consolidation	Proportionate consolidation	Equity method	Not consolidated or deducted	Deducted	Description of the entity
NATIXIS INTEREPARGNE	FC	X					Employee savings plan management
NATIXIS ALGÉRIE	FC	X					Banking
SCI ALTAIR 1	FC	X					Real estate operations
SCI ALTAIR 2	FC	X					Real estate operations
FONCIERE KUPKA	FC	X					Real estate operations
NATIXIS FONCIERE SA	FC	X					Real estate investment
Insurance division							
NATIXIS ASSURANCES	FC			X			Insurance company holding company
NATIXIS LIFE	FC			X			Life insurance
BPCE IARD (formerly ASSURANCES BANQUE POPULAIRE IARD)	EQ			X			Property damage insurance
BPCE Prévoyance	FC			X			Personal protection insurance
ADIR	EQ			X			Property damage insurance
FRUCTIFONCIER	FC			X			Insurance real estate investments
BPCE Vie	FC			X			Insurance
REAUMUR ACTIONS	FC			X			Insurance investment mutual fund
NAMI INVESTMENT	FC			X			Insurance real estate investments
ECUREUIL VIE DEVELOPPEMENT	EQ			X			Insurance
BPCE RELATION ASSURANCES	FC			X			Services company
SCI DUO PARIS	EQ			X			Real estate management
Fonds TULIP	FC			X			Insurance investments (Securitization funds)
FCT NA Financement de L'économie – compartiment Immocorp II	FC			X			Insurance investments (Securitization funds)
DNCA INVEST NORDEN	FC			X			Insurance investment mutual fund
THEMATICS AI AND ROBOTICS	FC			X			Asset Management
AAA ACTIONS AGRO ALIMENTAIRE	FC			X			Insurance investment mutual fund
SCPI IMMOB EVOLUTIF	FC			X			Insurance real estate investments
OPCI FRANCEUROPE IMMO	FC			X			Insurance investment mutual fund
SELECTIZ	FC			X			Insurance investment mutual fund
SELECTIZ PLUS FCP 4DEC	FC			X			Insurance investment mutual fund
ALLOCATION PILOTEE EQUILIBRE C	FC			X			Insurance investment mutual fund
MIROVA EUROPE ENVIRONNEMENT C	FC			X			Insurance investment mutual fund
Vega Euro Rendement FCP RC	FC			X			Insurance investment mutual fund
BPCE ASSURANCES	FC			X			Insurance company
BPCE APS	FC			X			Service providers
NATIXIS LIFE (branch)	FC			X			Life insurance

Entity name	12/31/2021						
	Accounting consolidation method	Prudential consolidation method(1)					Description of the entity
		Full consolidation	Proportionate consolidation	Equity method	Not consolidated or deducted	Deducted	
Payments division							
NATIXIS PAYMENT SOLUTIONS	FC	X					Banking services
NATIXIS PAIEMENT HOLDING	FC	X					Holding company
XPOLLENS (formerly S-MONEY)	FC	X					Payment services
PAYPLUG	FC	X					Payment services
BIMPLI	FC	X					Payment Services, Service Vouchers and Online Service for Central Works Councils
DALENYS SA	FC	X					Holding company
DALENYS INTERNATIONAL	FC	X					Holding company
DALENYS FINANCE	FC	X					Holding company
DALENYS PAYMENT	FC	X					Payment services
DALENYS SERVICES	FC	X					Financial investment advisory services
DALENYS MARKETING	FC	X					Online services
DALENYS TECHNOLOGIES	FC	X					Online services
RECOMMERCE	FC	X					Online services
Other							
NATIXIS IMMO EXPLOITATION	FC						Real estate operations
III-4 – CE Holding Participations subsidiaries							
CE HOLDING PARTICIPATIONS	FC	X					Holding company
CE CAPITAL	FC	X					Holding company
HABITAT EN RÉGION SERVICES	FC	X					Holding company
III-5 Local savings companies							
189 local savings companies (LSCs)	FC	X					Cooperative shareholders

(1) Prudential consolidation method:
FC Full consolidation
EQ Equity method
JA Joint activities
NI Non-integrated (not consolidated)

(2) Entity treated in accordance with IFRS 5 as of December 31, 2021.

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, *i.e.* phased-in terms.

in millions of euros	12/31/2021 Amount	12/31/2021 Source based on balance sheet reference numbers/letters according to the regulatory scope of consolidation	12/31/2020 Amount	12/31/2020 Source based on balance sheet reference numbers/letters according to the regulatory scope of consolidation
COMMON EQUITY TIER 1 (CET1) CAPITAL: INSTRUMENTS AND RESERVES				
Capital instruments and the related share premium accounts	28,225	4	27,481	4
Retained earnings	3,252	4	3,094	4
Accumulated other comprehensive income (and other reserves)	41,750	4	39,011	4
Fund for general banking risks	-	-	-	-
Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	-	-	-
Minority interests (amount allowed in consolidated CET1)	193	5	4,229	5
Independently reviewed interim profits net of any foreseeable charge or dividend	3,561	4	1,246	4
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**76,980**	**-**	**75,061**	**-**
COMMON EQUITY TIER 1 (CET1) CAPITAL: REGULATORY ADJUSTMENTS				
Additional value adjustments (negative amount)	(702)	-	(512)	-
Intangible assets (net of related tax liabilities) (negative amount)	(4,826)	2	(4,834)	2
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(699)	1	(698)	1
Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	65	-	258	-
Negative amounts resulting from the calculation of expected loss amounts	(203)	-	(391)	-
Any increase in equity that results from securitized assets (negative amount)	-	-	-	-
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	109	-	86	-
Defined-benefit pension fund assets (negative amount)	-	-	-	-
Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	(8)	-	(2)	-
Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	-	-
Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	-	-
Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	-	-
Exposure amount of the following items which qualify for a RW of 1,250%, where the institution opts for the deduction alternative	-	-	-	-
of which: qualifying holdings outside the financial sector (negative amount)	-	-	-	-
of which: securitization positions (negative amount)	-	-	-	-

in millions of euros	12/31/2021 Amount	12/31/2021 Source based on balance sheet reference numbers/letters according to the regulatory scope of consolidation	12/31/2020 Amount	12/31/2020 Source based on balance sheet reference numbers/letters according to the regulatory scope of consolidation
of which: free deliveries (negative amount)	-	-	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	-	-	-
Amount exceeding the 17.65% threshold (negative amount)	-	-	-	-
• of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-	-	-
Not applicable	-	-	-	-
• of which: deferred tax assets arising from temporary differences	-	-	-	-
Losses for the current fiscal year (negative amount)	-	-	-	-
Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	-	-	-
Not applicable	-	-	-	-
Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	(22)	-	-	-
Other regulatory adjustments	(930)	-	-	-
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**(7,216)**	**-**	**(6,092)**	**-**
Common Equity Tier 1 (CET1)	**69,764**	**-**	**68,969**	**-**
ADDITIONAL TIER 1 (AT1) CAPITAL: INSTRUMENTS				
Capital instruments and the related share premium accounts	-	-	-	-
Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	-	30	-
Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	-	-	-
Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	-	-	-
Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	-	-	-
• of which: instruments issued by subsidiaries subject to phase out	-	-	-	-
Additional Tier 1 (AT1) capital before regulatory adjustments	**-**	**-**	**30**	**-**
ADDITIONAL TIER 1 (AT1) CAPITAL: REGULATORY ADJUSTMENTS				
Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	-	-	-
Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	-	-
Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	(22)	-	(22)	-
Qualifying AT2 deductions that exceed the AT2 items of the institution (negative amount)	-	-	-	-
Other regulatory adjustments to AT1 capital	-	-	-	-

in millions of euros	12/31/2021 Amount	12/31/2021 Source based on balance sheet reference numbers/letters according to the regulatory scope of consolidation	12/31/2020 Amount	12/31/2020 Source based on balance sheet reference numbers/letters according to the regulatory scope of consolidation
Total regulatory adjustments to Additional Tier 1 (AT1) capital	**(22)**	**-**	**(22)**	**-**
Additional Tier 1 (AT1) capital	**-**	**-**	**8**	**-**
Tier 1 capital (T1 = CET1 + AT1)	**69,764**	**-**	**68,978**	**-**
TIER 2 (T2) CAPITAL: INSTRUMENTS				
Capital instruments and the related share premium accounts	13,699	3	10,806	3
Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	6	-	12	-
Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-	-	-	-
Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	117	3	-	3
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	-	-	-
Credit risk adjustments	736	-	594	-
Tier 2 (T2) capital before regulatory adjustments	**14,558**	**-**	**11,412**	**-**
TIER 2 (T2) CAPITAL: REGULATORY ADJUSTMENTS				
Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	(25)	-	(50)	-
Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	-	-
Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	-	-
Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	(1,582)	-	(2,105)	-
Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	-	-	-
Other regulatory adjustments to T2 capital	-	-	-	-
Total regulatory adjustments to Tier 2 (T2) capital	**(1,607)**	**-**	**(2,155)**	**-**
Tier 2 (T2) capital	**12,951**	**-**	**9,257**	**-**
Total capital (TC = T1 + T2)	**82,715**	**-**	**78,235**	**-**
Total risk exposure amount	**441,428**	**-**	**431,222**	**-**
CAPITAL RATIOS AND REQUIREMENTS, INCLUDING BUFFERS				
Common Equity Tier 1 (CET1)	15.80%	-	15.99%	-
Tier 1 capital	15.80%	-	16.00%	-
Total equity	18.74%	-	18.14%	-
Total CET1 capital requirements of the institution	9.33%	-	9.32%	-
• of which: capital conservation buffer requirement	2.50%	-	2.50%	-
• of which: countercyclical buffer requirement	0.02%	-	0.01%	-
• of which: systemic risk buffer requirement	0.00%	-	0.00%	-

in millions of euros	12/31/2021 Amount	12/31/2021 Source based on balance sheet reference numbers/letters according to the regulatory scope of consolidation	12/31/2020 Amount	12/31/2020 Source based on balance sheet reference numbers/letters according to the regulatory scope of consolidation
• of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	1.00%	-	1.00%	-
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	**9.99%**	**-**	**9.76%**	**-**
AMOUNTS BELOW THE THRESHOLDS FOR DEDUCTION (BEFORE RISK WEIGHTING)				
Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1,337	-	882	-
Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	2,910	-	2,319	-
Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	2,348	-	2,214	-
APPLICABLE CAPS ON THE INCLUSION OF PROVISIONS IN TIER 2				
Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	-	-	-	-
Cap on inclusion of credit risk adjustments in T2 under standardized approach	1,893	-	1,804	-
Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	736	-	594	-
Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	1,051	-	998	-
CAPITAL INSTRUMENTS SUBJECT TO PHASE-OUT ARRANGEMENTS (ONLY APPLICABLE BETWEEN JAN. 1, 2014 AND JAN. 1, 2022)				
Current cap on CET1 instruments subject to phase out arrangements	-	-	-	-
Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-	-	
Current cap applicable on AT1 instruments subject to phase out	-	-	30	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	121	-
Current cap on T2 instruments subject to phase out arrangements	6	-	12	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	55	-	170	-

BPCE08 – ADDITIONAL TIER 1 CAPITAL

in millions of euros	12/31/2021 Basel III phased-in	12/31/2020 Basel III phased-in
AT1 capital instruments ineligible but benefiting from a grandfathering clause[(1)]	-	30
Holdings of AT1 instruments of financial sector entities more than 10%-owned	-	(22)
Transitional adjustments applicable to AT1 capital	-	-
ADDITIONAL TIER 1 (AT1) CAPITAL	**-**	**8**

(1) Amount after application of the transitional provisions: corresponds to 10% of the outstanding perpetual subordinated notes at 12/31/2021 and 20% at 12/31/2020.

BPCE09 – ISSUES OF DEEPLY SUBORDINATED NOTES

Issuer	**Issue date**	**Currency**	**Amount in original currency** *(in millions)*	**Net outstandings** *(in millions of euros)*	**Prudential net outstandings** *(in millions of euros)*
NATIXIS	1/25/2005	€	156	152	-
TOTAL				**152**	**-**

Details of debt instruments recognized as Tier 1 capital, as well as their terms, as required by Implementing Regulation No. 1423/2013 are published at the following address: https://groupebpce.com/en/investors/results-and-publications/pillar-iii

BPCE10 – TIER 2 CAPITAL

in millions of euros	12/31/2021 Basel III phased-in	12/31/2020 Basel III phased-in
Eligible Tier 2 capital instruments	13,699	10,806
Own Tier 2 instruments	(25)	(50)
Tier 2 capital instruments ineligible but benefiting from a grandfathering clause[(1)]	123	12
Holdings of Tier 2 instruments of financial sector entities more than 10%-owned	(1,582)	(2,105)
Transitional adjustments applicable to Tier 2 capital	-	-
Excess provision over expected losses	736	594
TIER 2 CAPITAL	**12,951**	**9,257**

(1) Amount after application of the transitional provisions: corresponds to 10% of the outstanding perpetual subordinated notes at 12/31/2021 and 20% at 12/31/2020.

BPCE11 – ISSUES OF SUBORDINATED NOTES

Issuer	Issue date	Maturity date	Currency	Amount in original currency *(in millions)*	Outstandings *(in millions of euros)*	Prudential net outstandings *(in millions of euros)*
BPCE	7/18/2013	7/18/2023	EUR	1,000	1,000	309
BPCE	10/22/2013	10/22/2023	USD	1,500	1,319	477
BPCE	1/21/2014	7/21/2024	USD	1,500	1,319	674
BPCE	4/16/2014	4/16/2029	GBP	750	893	893
BPCE	7/25/2014	6/25/2026	EUR	350	350	314
BPCE	7/25/2014	6/25/2026	EUR	525	525	471
BPCE	7/11/2014	7/11/2024	USD	800	703	356
BPCE	9/15/2014	3/15/2025	USD	1,250	1,099	705
BPCE	9/30/2014	9/30/2024	EUR	410	410	226
BPCE	1/30/2015	1/30/2025	JPY	27,200	208	128
BPCE	1/30/2015	1/30/2025	JPY	13,200	101	62
BPCE	2/17/2015	2/17/2027	EUR	240	240	238
BPCE	2/17/2015	2/17/2027	EUR	371	371	371
BPCE	3/24/2015	3/12/2025	EUR	375	375	240
BPCE	4/17/2015	4/17/2035	USD	270	237	237
BPCE	4/29/2015	4/17/2035	USD	100	88	88
BPCE	4/29/2015	4/17/2035	USD	30	26	26
BPCE	6/1/2015	6/1/2045	USD	130	114	114
BPCE	9/29/2015	9/29/2025	CHF	50	48	36
BPCE	11/30/2015	11/30/2027	EUR	750	750	750
BPCE	12/11/2015	12/11/2025	JPY	25,100	192	151
BPCE	12/11/2015	12/11/2025	JPY	500	4	3
BPCE	3/17/2016	3/17/2031	EUR	60	60	60
BPCE	3/17/2016	3/17/2036	USD	150	132	132
BPCE	4/1/2016	4/1/2026	USD	750	660	561
BPCE	4/22/2016	4/22/2026	EUR	750	750	646
BPCE	5/3/2016	5/3/2046	USD	200	176	176
BPCE	7/19/2016	7/19/2026	EUR	696	696	633
BPCE	7/13/2016	7/13/2026	JPY	17,300	132	120
BPCE	10/13/2021	1/13/2042	EUR	900	900	900
BPCE	10/13/2021	10/13/2046	EUR	850	850	850
BPCE	10/19/2021	10/19/2042	USD	750	660	660
BPCE	10/19/2021	10/19/2032	USD	1,000	879	879
BPCE	12/1/2021	11/30/2032	GBP	500	596	596
BPCE	12/16/2021	12/16/2031	JPY	74,600	570	570
BPCE	12/16/2021	12/16/2036	JPY	5,800	44	44
CFF	3/6/2003	3/6/2023	EUR	10	10	2
TOTAL				**-**	**17,488**	**13,699**

Details of debt instruments recognized as Tier 2 capital, as well as their terms, as required by Implementing Regulation No. 1423/2013 are published at the following address: https://groupebpce.com/en/investors/results-and-publications/pillar-iii

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

	12/31/2021												
	General credit exposures		Relevant credit exposures – Market risk				Capital requirements						
in millions of euros	Exposure value under the standardized approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitization exposures Value at Risk for the banking book	Total exposure value	Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitization positions in the banking book	Total	Risk-weighted assets	Capital requirement weights (%)	Countercyclical buffer rate (%)
BREAKDOWN BY COUNTRY:													
Bulgaria	-	5	-	-	-	5	-	-	-	-	1	0.00%	0.50%
Czech Republic	31	5	-	-	-	36	2	-	-	2	28	0.01%	0.50%
Hong Kong	39	2,853	25	-	-	2,916	86	-	-	86	1,079	0.30%	1.00%
Luxembourg	1,747	7,230	41,093	176	327	50,574	540	4	4	548	6,844	1.93%	0.50%
Norway	324	586	65	-	-	976	190	1	-	191	2,383	0.67%	1.00%
Slovakia	28	1	6	29	-	65	2	-	-	2	21	0.01%	1.00%
Other countries weighted at 0%	170,602	666,015	13,559	14,626	18,096	882,898	27,029	247	324	27,601	345,008	97.09%	0.00%
TOTAL	**172,771**	**676,696**	**54,748**	**14,832**	**18,423**	**937,470**	**27,849**	**252**	**328**	**28,429**	**355,364**	**100.00%**	

EU CCYB2 – AMOUNT OF INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER

in millions of euros	12/31/2021	12/31/2020
Total risk exposure amount	441,428	431,222
Institution-specific countercyclical capital buffer rate	0.02%	0.01%
Institution-specific countercyclical capital buffer requirement	86	36

EU PV1 – PRUDENT VALUATION ADJUSTMENT (PVA)

	12/31/2021									
in millions of euros	Risk category					Category level AVA – Valuation uncertainty		Total AVA category post-diversification	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
Category level AVA	Equities	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA			
Market price uncertainty	124	13	7	176	1	26	16	182	72	110
Close-out costs	65	3	9	119	4	26	-	115	62	53
Concentrated positions	132	-	-	4	-	-	-	136	133	3
Early termination	-	-	-	-	-	-	-	-	-	-
Model risk	60	2	2	2	-	3	-	35	35	-
Operational risk	9	1	1	15	-	-	-	26	9	17
Future administrative costs	21	173	5	8	-	-	-	208	207	1
TOTAL ADDITIONAL VALUATION ADJUSTMENTS (AVAS)								**702**	**518**	**184**

	12/31/2020							
in millions of euros	**Equities**	**Ownership interest**	**Foreign exchange**	**Credit**	**Commodities**	**Total**	**Of which: in the trading book**	**Of which: in the banking book**
Liquidation uncertainties, including:	244	20	7	100	-	370	238	132
• *Average value*	*59*	*7*	*2*	*65*	-	*133*	*41*	*92*
• *Close-out costs*	*54*	*13*	*5*	*23*	-	*94*	*67*	*27*
• *Concentration*	*131*	*1*	-	*12*	-	*144*	*130*	*13*
Early termination								
Model risk	36	2	1	-	-	39	26	13
Operational risk	11	2	1	9	-	22	12	11
Investment and financing costs						11	11	-
Unearned credit spreads						22	18	4
Future administrative costs	17	22	7	1	-	48	25	23
Other								
TOTAL ADJUSTMENT	**307**	**46**	**16**	**110**	**-**	**512**	**330**	**182**

Pillar III 2020 publication – CRR1 format

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. Commitments given are allocated a conversion factor in accordance with Article 429 (10) of the CRR.

in millions of euros	Exposures for leverage ratio purposes under the CRR 12/31/2021
ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)	
On-balance sheet items (excluding derivatives, SFTs, but including collateral)	1,272,343
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(12,448)
(Adjustment for securities received under securities financing transactions that are recognized as an asset)	-
(General credit risk adjustments to on-balance sheet items)	-
(Asset amounts deducted in determining Tier 1 capital)	(5,693)
Total on-balance sheet exposures (excluding derivatives and SFTs)	**1,254,203**
DERIVATIVE EXPOSURES	
Replacement cost associated with SA-CCR derivatives transactions (*i.e.* net of eligible cash variation margin)	13,236
Derogation for derivatives: replacement costs contribution under the simplified standardized approach	-
Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	26,686
Derogation for derivatives: Potential future exposure contribution under the simplified standardized approach	-
Exposure determined under Original Exposure Method	-
(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-
(Exempted CCP leg of client-cleared trade exposures) (simplified standardized approach)	-
(Exempted CCP leg of client-cleared trade exposures) (Original exposure method)	-
Adjusted effective notional amount of written credit derivatives	16,727
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(10,655)
Total derivative exposures	**45,994**
SECURITIES FINANCING TRANSACTION (SFT) EXPOSURES	
Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	62,934
(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
Counterparty credit risk exposure for SFT assets	7,766
Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e (5) and 222 CRR	-
Agent transaction exposures	-
(Exempted CCP leg of client-cleared SFT exposure)	-
Total securities financing transaction exposures	**70,700**
OTHER OFF-BALANCE SHEET EXPOSURES	
Off-balance sheet exposures at gross notional amount	207,507
(Adjustments for conversion to credit equivalent amounts)	(115,481)
(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-
Off-balance sheet exposures	**92,026**
EXCLUDED EXPOSURES	
(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	(76,596)
(Excluded exposures of public development banks – Public sector investments)	-
(Excluded promotional loans of public development banks: Promotional loans granted by a public development credit institution)	-
(Excluded passing-through promotional loan exposures by non-public development banks (or units))	
(Excluded guaranteed parts of exposures arising from export credits)	-
(Excluded excess collateral deposited at triparty agents)	-
(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-

in millions of euros	Exposures for leverage ratio purposes under the CRR 12/31/2021
(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-
(Reduction of the exposure value of pre-financing or intermediate loans)	-
(Total exempted exposures)	**(76,596)**
CAPITAL AND TOTAL EXPOSURE MEASURE	
Tier 1 capital	**69,764**
Total exposure measure	**1,212,857**
LEVERAGE RATIO	
Leverage ratio *(in %)*	5.75%
Leverage ratio (without the adjustment due to excluded exposures of public development banks – Public sector investments) *(in %)*	5.75%
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) *(in %)*	5.03%
Regulatory minimum leverage ratio requirement *(in %)*	3.23%
Additional leverage ratio requirements *(in %)*	0.00%
CHOICE OF TRANSITIONAL ARRANGEMENTS AND RELEVANT EXPOSURES	
Choice on transitional arrangements for the definition of the capital measure	
DISCLOSURE OF MEAN VALUES	
Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	72,800
Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	62,934
Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	1,222,724
Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	1,395,492
Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.71%
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.00%

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

	12/31/2021	12/31/2020
in millions of euros	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:	**1,010,531**	**1,184,316**
Trading book exposures	81,385	54,872
Banking book exposures, of which:	929,147	1,129,444
Covered bonds	913	832
Exposures considered as sovereign	80,664	324,501
Exposures to regional governments, MDB, international organizations and PSE not treated as sovereigns	63,413	60,249
Institutions	21,759	24,378
Exposures secured by a real estate mortgage	374,404	349,199
Retail exposures	103,601	103,314
Corporate customers	170,593	157,803
Exposures in default	17,935	17,287
Other exposures (*e.g.* equity, securitizations, and other non-credit obligation assets)	95,865	91,882

EU INS2 – FINANCIAL CONGLOMERATE – INFORMATION ON CAPITAL AND CAPITAL ADEQUACY RATIO

in millions of euros	12/31/2021	12/31/2020
Additional capital requirements of the financial conglomerate *(amount)*	2,871	4,817
Financial conglomerate capital adequacy ratio *(in %)*	18.70%	17.74%

EU KM2 – KEY INDICATORS – TLAC RATIO

in millions of euros	12/31/2021	09/30/2021	06/30/2021	03/31/2021	12/31/2020
OWN FUNDS AND ELIGIBLE LIABILITIES, RATIOS AND COMPONENTS OF THE RESOLUTION GROUP					
TLAC equity and eligible liabilities	109,407	101,692	100,824	103,731	101,906
Risk-weighted assets *(RWA)*	441,428	442,119	439,589	434,082	431,222
TLAC ratio *(in % of RWA)*	24.78%	23.00%	22.94%	23.90%	23.63%
Leverage exposure measure	1,212,857	1,208,391	1,198,965	1,283,262	1,238,142
TLAC ratio *(in % of leverage exposure)*	9.02%	8.42%	8.41%	8.08%	8.23%
Does the exemption from subordination allowed by Article 72b (4) of Regulation (EU) No. 575/2013 apply? (5% exemption)	n.a	n.a	n.a	n.a	n.a
Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion as per Article 72b (3) of Regulation (EU) No. 575/2013 is applied (max 3.5% exemption)	n.a	n.a	n.a	n.a	n.a
If a capped subordination exemption applies under Article 72b (3) of Regulation (EU) No. 575/2013, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognized under row 1, divided by funding issued that ranks pari passu with excluded Liabilities and that would be recognized under row 1 if no cap was applied *(in %)*	n.a	n.a	n.a	n.a	n.a

NB: As part of the annual resolvability analysis, Groupe BPCE chose to waive the option provided for by Article 72 b (3) of the CRR to use preferred senior debt to comply with the TLAC and subordinated MREL.

EU TLAC 1 – COMPOSITION TLAC RATIO

in millions of euros	12/31/2021 G-SII requirement for own funds and eligible liabilities (TLAC)
Common Equity Tier 1 (CET1)	69,764
Additional Tier 1 (AT1) capital	-
Tier 2 (T2) capital	12,951
TLAC eligible capital	82,715
Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	8,849
Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	-
Eligible liabilities instruments that are subordinated to excluded liabilities, issued prior to June 27, 2019 (subordinated grandfathered)	13,542
Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	4,300
Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre cap)	-
Eligible liabilities that are not subordinated to excluded liabilities issued prior to June 27, 2019 (pre-cap)	-
Amount of non-subordinated instruments eligible, where applicable after application of Article 72b (3) of Regulation (EU) No. 575/2013	-
TLAC-Eligible liabilities items before adjustments	26,692
TLAC-eligible equity items before adjustments	109,407
(Deduction of exposures between MPE resolution groups)	-
(Deduction of investments in other eligible liabilities instruments)	-
TLAC-Own funds and eligible liabilities after adjustments	109,407
Risk-weighted assets *(RWA)*	441,428
Total leverage exposure measure	1,212,857
TLAC ratio *(in % of RWA)*	24.78%
TLAC ratio *(in % of leverage exposure)*	9.02%
CET1 (as a percentage of TREA) available after meeting the resolution group's requirements	3.27%
Overall institution-specific capital buffer requirement	3.52%
• *of which: capital conservation buffer requirement*	*2.50%*
• *of which: countercyclical buffer requirement*	*0.02%*
• *of which: systemic risk buffer requirement*	*0.00%*
• *of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer*	*1.00%*
Total amount of excluded liabilities referred to in Article 72a (2) of Regulation (EU) No. 575/2013	660,311

The creditor hierarchy for items included in the TLAC is as follows by order of repayment priority: senior non-preferred debt, subordinated debt eligible as Tier 2 capital on issuance and subordinated debt eligible as Tier 1 capital on issuance.

Eligible liabilities and their features are published at the following address: https://groupebpce.com/en/investors/results-and-publications/pillar-iii

EU TLAC 3A: RANK IN THE HIERARCHY OF CREDITORS – RESOLUTION GROUP

	12/31/2021			
	Hierarchy in the event of insolvency			
	1	2	4	
in millions of euros	(lowest rank)		(highest rank)	TOTAL
Description of insolvency rank	CET1 capital	Tier 2	Senior non-preferred debt	
Liabilities and own funds	69,764	17,646	25,255	112,665
• *of which: excluded liabilities*	-	-	-	-
Liabilities and own funds less excluded liabilities	69,764	17,646	25,255	112,665
Of which instruments eligible for the TLAC ratio	69,764	17,251	22,392	109,407
• *of which residual maturity ≥ 1 year < 2 years*	-	*2,365*	*4,228*	*6,593*
• *of which residual maturity ≥ 2 years < 5 years*	-	*7,844*	*8,181*	*16,024*
• *of which residual maturity ≥ 5 years < 10 years*	-	*3,053*	*8,710*	*11,764*
• *of which residual maturity ≥ 10 years, but excluding perpetual securities*	-	*4,850*	*1,272*	*6,123*
• *of which perpetual securities*	*69,764*	-	-	*69,764*

5

CREDIT RISKS

Foreword

As part of the management of the health crisis and its economic consequences, the Risk division has continued the specific actions started in 2020 in order to strengthen the monitoring of the credit portfolio and to support Groupe BPCE in the deployment of the measures put in place by the government. The State-guaranteed loan (SGL) has been extended until June 30, 2022. The support system for the French economy and companies was supplemented in May 2021 by the Participating Recovery Loan (PPR), the aim of which is to enable SMEs and medium-sized companies to strengthen their financial structure and continue to invest.

5.1 Credit risk management

As part of its prerogatives, the Credit Risk division is responsible for the following main tasks:

- defining and implementing the standards and methods for risk taking and management within the Group's consolidated scope in accordance with regulations;
- participating in risk measurement and management systems;
- establishing the principles of Risk division through global risk caps and monitoring compliance with them;
- defining and reviewing the Group's risk management systems by drawing up Group credit risk policies and defining individual limits on shared counterparties;
- analyzing the non-delegated grant files of the Group's subsidiaries and examine the main files managed in the Watchlist;
- defining and managing permanent controls of level 2 credit risks;
- assessing and controlling the level of credit risk across the Group;
- leading the credit risk sectors, in particular through very frequent audio-conferences, national days, regional platforms or thematic working groups.

Credit policy

The overall credit risk policy is governed in particular by the risk appetite system, structured around the definition of the level of risk and risk appetite indicators. The balance between the search for profitability and the level of risk accepted is reflected in Groupe BPCE's credit risk profile and is reflected in the Group's credit risk management policies. Groupe BPCE refrains from engaging in activities over which it has insufficient control.

Activities with high risk-reward profiles are identified and strictly controlled.

In general, Groupe BPCE's credit approval process is based first and foremost on the customer's ability to repay the loan, i.e. future cash flows, with clearly identified sources and channels and a reasonably realistic probability of occurrence.

Rating policy

Credit risk measurement relies on internal rating systems tailored to each category of customer and transaction. The Risk division is responsible for defining and verifying the performance of these rating systems.

An internal rating methodology common to all Groupe BPCE institutions (specific to each customer segment) is applied for "individual and professional customers", as well as for "corporate customers", "real estate professionals", "project financing", "central banks and other sovereign exposures", "central governments", "public-sector and similar entities" and "financial institutions".

Credit risk governance

A dedicated governance structure is in place for the construction of all credit risk management, granting and classification systems.

Each standard, policy, system or method is the focus of workshops, organized and led by the Risk division teams, made up of Group representatives. The purpose of these workshops is to define the rules and expectations for each topic addressed, as it relates to the Group's risk appetite and regulatory constraints. These topics are then decided by a Group committee made up of executive managers.

Compliance with regulatory and internal caps and limits is regularly checked by the Group Risk and Compliance Committee and the Risk Committees of the Supervisory Board. Each institution is responsible for ensuring compliance with internal limits.

The Risk division also defines, for all institutions, the common framework of level 2 permanent controls (CPN2) for credit risks and contributes to the coordination of level one controls.

The Risk function is organized according to the principle of subsidiarity with a strong functional link:	• each institution in Groupe BPCE has a Risk division covering credit and counterparty risks. Each institution manages its risks in accordance with Group standards and prepares a risk report every six months; • each Head of Risk is in close contact with the Group Chief Risk Officer. The latter reports to the Chairman of the Management Board of Groupe BPCE and is a member of the Executive Management Committee; • within the RD, the Credit Risk function contributes to the completeness of the permanent control system in institutions.
Credit approval decisions deployed or adapted at each Group institution are supervised within a system made up of:	• risk policies and sector policies; • regulatory caps, Group internal caps, internal caps for institutions in the Banque Populaire and Caisses d'Epargne networks and all BPCE subsidiaries; • a set of Group internal limits covering the major categories of counterparties (a company made up of a parent and its subsidiaries) on a consolidated basis, for the main asset classes excluding retail, supplemented as needed by local limits; predominantly based on the internal rating approach, these methodologies are used to define the maximum risk that Groupe BPCE is willing to take; • at each Group institution, a pro-con analysis or counter-analysis procedure involving the Risk function, which holds the right to veto decisions, calling on the higher-level Credit Committee for arbitration where necessary, or the duly authorized representative.

HIGHLIGHTS

Fiscal year 2021 was once again marked by crisis management and the strengthening of credit portfolio monitoring actions.

The requirement was also maintained for the operational integration of the main standards, rules and policies in institutions in order to guarantee uniform implementation within the Group.

In the home loan portfolio, Groupe BPCE has taken the necessary steps to comply with the criteria set by the French Financial Stability Board (Haut Conseil de Stabilité Financière) by reviewing its lending policy, deploying it among the Group's institutions and stepping up monitoring of the thresholds imposed by the HCSF.

Credit risk supervision system

CAPS AND LIMITS

The system of internal caps used across the Group, which are lower than the regulatory caps, is aimed at increasing the division of risks and is applied to all Group entities.

The internal caps system used by the institutions is lower than or equal to the Group internal caps, and is applied to the Banque Populaire and Caisse d'Epargne networks and the subsidiaries.

A Groupwide set of individual limits has also been established for the major counterparties as well as exposure levels for countries and industries. These limits apply to all Group institutions. The individual limits system in place, aimed at dividing up risks and making them individually acceptable in terms of each institution's profits and capital position, i.e. without including the value of collateral, to define the maximum amount of acceptable risk for a given counterparty. The aim of this position is to neutralize the operational risk associated with the recognition of collateral and with execution in the event the institution is required to call in the collateral.

Risk monitoring is organized on a sector-by-sector basis via a sector watch shared with all the Group's institutions.

Sector policies and limits have been established for that purpose.

On behalf of the Group Risk and Compliance Committee, the Risk division measures and verifies that these risk supervision mechanisms (individual and topical limits) are correctly implemented at each institution.

The Group Supervisory Board is kept informed as Group internal caps are monitored, and is notified of any breaches of limits defined in accordance with the risk appetite framework.

METHOD USED TO ASSIGN OPERATIONAL LIMITS ON INTERNAL CAPITAL

The quarterly Group risk dashboard is used to monitor consumption of risk-weighted assets in the Group's main asset classes: it compares any differentials in terms of changes between gross exposures and consumption of RWA.

By using these systems, the Group is able to accurately monitor the change in capital needed to cover risks in each asset class, while also observing any changes in the quality of the asset classes in question.

CORRELATION RISK POLICY

Correlation risk is governed by a special decision-making process, where a counterparty offers its own shares as collateral. A top-up clause is systematically required on such transactions.

For wrong-way risk, usually associated with collateral swaps between credit institutions, BPCE's liquidity reserve procedure defines this criterion as follows: "the counterparty to the repo and the securities received as collateral for that repo shall not be included in the same regulatory group."

However, these transactions may be reviewed on a case-by-case basis, under a special decision-making process, where the collateral consists exclusively of retail loans serving to finance residential real estate.

Quality assessment of loan outstandings and impairment policy

SYSTEM GOVERNANCE

From a regulatory standpoint, Article 118 of the Ministerial Order of November 3, 2014 on internal control specifies that "at least once each quarter, supervised companies must perform an analysis of changes in the quality of their loan commitments." In particular, this review should determine, for material transactions, whether any reclassifications need to be conducted among the internal risk credit risk assessment categories and, if necessary, the appropriate allocations to non-performing loans and charges to provisions.

When a counterparty is placed on either a local Watchlist (WL) or the Group WL, supervision of the counterparty in question is enhanced (Performing WL) or the decision is made to record an appropriate provision (Default WL).

Statistical provisions for performing loans, calculated at Group level for the networks in accordance with IFRS 9 requirements, are measured using a methodology validated by Group committees (reviewed by an independent unit and validated by the Group Models Committee and the RCCP Standards & Methods Committee). These provisions include scenarios of changes in the economic environment determined each year by the Group's Economic Research team, coupled with probabilities of occurrence reviewed quarterly by the Group 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.

NETTING OF ON-BALANCE SHEET AND OFF-BALANCE SHEET TRANSACTIONS

For credit transactions, Groupe BPCE is not required to carry out netting of on-balance sheet and off-balance sheet transactions.

RECOGNITION OF PROVISIONS AND IMPAIRMENT UNDER IFRS 9

During 2021, Groupe BPCE continued to implement a prudent IFRS 9 provisioning policy, in an uncertain economic context due to the ongoing health crisis.

The methodological adjustments implemented in the fourth quarter of 2020 were retained and adapted throughout the year. In particular:

- the integration of massive support measures (in particular SGLs and moratoriums) in the macroeconomic variables, consisting of applying a mitigation factor of 60% to the GNP projections for 2021, 2022 and 2023 has been maintained;
- the twelve-month lag that had been introduced in the NBI parameters used to calculate IFRS 9 provisions, to reflect the delay observed in the impact of the crisis on the expected increase in credit risk, has for its part been gradually absorbed over three quarters (second, third and fourth quarter 2021). The year 2022 will therefore begin without this adjustment.

The rating of customers who have benefited from SGLs and moratoria, which is included in the calculation of provisions on performing loans, has been reviewed. It has been decided that in the second quarter of 2021, for each customer who has benefited from a SGL or a moratorium, the revised rating will be used to calculate IFRS 9 provisions, canceling out the effect of the improvement on the variables affected (variables relating to account pacing or discarded entries). The ratings reviewed relate to professional and small business models only. Indeed, these ratings are automatic and the override is not provided for by the system, as in the rest of the NIE portfolio.

PROVISIONING METHODS

Debt instruments classified as financial assets at amortized cost or at fair value through other comprehensive income, loan commitments and financial guarantees given that are not recognized at fair value through profit or loss, as well as lease receivables and trade receivables, shall be systematically impaired or covered by a provision for expected credit losses (ECL).

Impairment is recorded, for financial assets which have not been individually subject to ECL, based on observed past losses but also on reasonable and supportable DCF forecasts.

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 credit institutions.

The Group implements a provisioning policy for its 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 Group exposures of less than €15 million has been defined and implemented.

The methodology section for determining individual impairment based on expert opinion defines impairment approaches: going concern, gone concern, combined approach.

Groupe BPCE applies the contagion principle when identifying groups of customer counterparties, through the ties binding the groups together.

A methodology concerning the practice of applying haircuts to the value of collateral, taking into account inevitable contingencies, has been defined and implemented.

IMPAIRMENT UNDER IFRS 9

Impairment for credit risk amounts to 12-month expected credit losses or lifetime expected credit losses, depending on the level of increase in credit risk since initial recognition (Stage 1 or Stage 2 asset). A set of qualitative and quantitative criteria is used to assess the increase in credit risk.

A significant increase in credit risk is measured on an individual basis by taking into account all reasonable and supportable information and by comparing the default risk on the financial instrument at the reporting date with the default risk on the financial instrument at the date of initial recognition. Any significant increase in credit risk shall be recognized before the transaction is impaired (Stage 3).

In order to assess a significant increase in credit risk, the Group implemented a process based on rules and criteria which apply to all Group entities:

- for the individual customer, professional customer and SME loan books, the quantitative criterion is based on the measurement of the change in the 12-month probability of default since initial recognition (probability of default measured as a cycle average);
- for the large corporate, bank and specialized financing loan books, it is based on the change in rating since initial recognition;
- these quantitative criteria are accompanied by a set of qualitative criteria, including the existence of a payment more than 30 days past due, the classification of the contract as at-risk, the identification of forbearance exposure or the inclusion of the portfolio on a Watchlist;
- exposures rated by the large corporates, banks and specialized financing software tool are also downgraded to Stage 2 depending on the sector rating and the level of country risk.

Exposures for which there is objective evidence of impairment loss due to an event representing a counterparty risk and occurring after initial recognition will be considered as impaired and classified as Stage 3. Identification criteria for impaired assets are similar to those under IAS 39 and are aligned with the default criterion. The accounting treatment of restructuring operations due to financial hardships is similar to their treatment under IAS 39.

Expected credit losses on Stage 1 or Stage 2 financial instruments are measured as the product of several inputs:	• cash flows expected over the lifetime of the financial instrument, discounted at the valuation date – these flows are determined according to the characteristics of the contract, its effective interest rate and the level of prepayment expected on the contract; • loss given default (LGD); • probabilities of default (PD), for the coming year in the case of Stage 1 financial instruments and until the contract's maturity in the case of Stage 2 financial instruments.

The Group draws on existing concepts and mechanisms to define these inputs, and in particular on internal models developed to calculate regulatory capital requirements and on projection models used in the stress test system. Certain adjustments are made to comply with the specifics of IFRS 9.

IFRS 9 inputs:	• aim to provide an accurate estimate of expected credit losses for accounting provision purposes, whereas prudential inputs are more cautious for regulatory framework purposes. Several of the safety buffers applied to prudential inputs are therefore restated; • shall allow expected credit losses to be estimated until the contract's maturity, whereas prudential inputs are defined to estimate 12-month expected losses. 12-month inputs are thus projected over long periods; • shall be forward-looking and take into account the expected economic environment over the projection period, whereas prudential inputs correspond to through-the-cycle estimates (for PD) or downturn estimates (for LGD and the flows expected over the lifetime of the financial instrument). Prudential PD and LGD inputs are therefore also adjusted to reflect forecasts of future economic conditions.

Inputs are adjusted to economic conditions by defining three economic scenarios over a three-year period. The variables defined in each of these scenarios allow for the distortion of the PD and LGD inputs and the calculation of an expected credit loss for each economic scenario. Projections of inputs for periods longer than three years are based on the mean reversion principle. The models used to distort the PD and LGD inputs are based on those developed for the stress test system for consistency reasons. The economic scenarios are associated with probabilities of occurrence, making it possible to calculate the average probable loss, which is used as the IFRS 9 impairment amount.

These scenarios are defined using the same organization and governance as those defined for the budget process, requiring an annual review based on proposals from the Economic Research department. For consistency purposes, the baseline scenario serves as the budget scenario. Two variants – an optimistic view and a pessimistic view – are also developed around this scenario. The probability of occurrence of each scenario is reviewed on a quarterly basis by the Group's Watchlist and Provisions Committee. The inputs thus defined are used to measure expected credit losses for all rated exposures, whether they were subject to the IRB or the standardized approach for the calculation of risk-weighted assets. For unrated exposures (insignificant for Groupe BPCE), prudent valuation rules are applied by default.

The IFRS 9 input validation process is fully aligned with the Group's existing model validation process. The validation of the parameters follows a review process by an independent internal model validation unit, then the review of this work is presented to the Group Model Committee. Finally, quarterly monitoring of recommendations by the Group Model Committee has replaced annual monitoring.

Forbearance, performing and non-performing exposures

Forbearance results from the combination of a concession and financial hardships, and may involve performing or non-performing loans. Forced restructuring, over indebtedness proceedings, or any kind of default as defined by the Group standard, which involves a forbearance measure as previously defined, results in classification as a non-performing forborne exposure.

The identification of these situations is based on an expert's guide to the qualification of forbearance situations, in particular on short, medium and long-term financing of non-retail counterparties.

A permanent control system covering forbearance situations relating to non-retail exposures completes the system.

5.2 Risk measurement and internal ratings

Current situation

BPCE12 – SCOPE OF STANDARDIZED AND IRB METHODS USED BY THE GROUP

	12/31/2021				
Customer segment	**Banque Populaire network**	**Caisse d'Epargne network**	**Crédit Foncier/Banque Palatine/BPCE International subsidiaries**	**Natixis**	**BPCE SA**
Central banks and other sovereign exposures	IRBF	Standard	Standard	IRBA	IRBF
Central administrations	IRBF	Standard	Standard	IRBA	IRBF
Public sector and similar entities	Standard	Standard	Standard	Standard	Standard
Institutions	IRBF	Standard	Standard	IRBA/Standard	IRBF
Corporates (Rev.* > €3m)	IRBF/Standard	IRBF/Standard	Standard	IRBA/Standard	Standard
Retail	IRBA	IRBA	Standard	Standard	

* Rev.: revenues.

The Oney subsidiary is approved for credit models applicable to retail customers in France. The Portugal, Spain, Russia, Hungary and Poland scopes use the standardized approach.

The BPCE Financement subsidiary is using the IRBA approach on part of its portfolio.

BPCE13 – EAD BREAKDOWN BY APPROACH FOR THE MAIN CUSTOMER SEGMENTS

	12/31/2021			12/31/2020		
	EAD			EAD		
in %	**Standard**	**IRBF**	**IRBA**	**Standard**	**IRBF**	**IRBA**
Central banks and other sovereign exposures	26%	56%	18%	32%	57%	12%
Central administrations	39%	34%	27%	39%	34%	27%
Public sector and similar entities	99%	0%	1%	98%	0%	1%
Institutions	49%	9%	42%	51%	9%	40%
Corporate customers	39%	23%	39%	39%	23%	38%
Retail	9%	0%	91%	11%	0%	89%
TOTAL	**29%**	**19%**	**52%**	**31%**	**19%**	**51%**

Rating system

Internal rating system models are developed based on historical data for observed defaults and losses. They are used to measure the credit risks to which Groupe BPCE is exposed, expressed as a one-year probability of default (PD), as a Loss Given Default (LGD) and as Credit Conversion Factors (CCF), depending on the characteristics of the transactions.

These internal rating systems are also applied to risk supervision, authorization systems, internal limits on counterparties, etc., and may also serve as a basis for other processes, such as statistical provisioning.

The resulting risk metrics are then used to calculate capital requirements, once they have been validated by the supervisory authority in compliance with regulatory requirements.

Internal rating system governance

The internal governance of rating systems is centered on the development, validation, monitoring and modification of these systems. Groupe BPCE's Risk division works independently throughout the Group (Banque Populaire and Caisse d'Epargne networks, Natixis, and other subsidiaries) to review the performance and appropriateness of credit and counterparty risk models, as well as structural balance sheet risks, market risks, and non-financial risks, including operational risks. In performing this duty, the Risk division relies on robust governance defined as part of the Model Risk Management (MRM) system.

The Group has defined and launched a Model Risk Management (MRM) system to assess, reduce, monitor and communicate on model risk. Implementation of the new system is subject to an independent control presenting a high level of consistency. The principles of the system deal with the documentation, design, development, implementation, review, approval, ongoing supervision and use of models, all in the interest of ensuring their dependability. An MRM risk management policy has been defined for this purpose. This policy must promote an informed knowledge of how each model works, how it is used, its strengths, weaknesses and limitations. This policy has been progressively rolled out by category of models since 2020 with an expansion of the scope of models subject to independent review.

The policy is supplemented by a body of procedures defining the tools for monitoring the performance of the models, in particular the validation review, the monitoring of recommendations and the associated escalation processes, and the monitoring of the model portfolio through an inventory. The system is based on a specific tool deployed in Q4 2021 which manages the life cycle of the models. A Model Risk Management Committee is dedicated to the governance of the models.

The Group's validation process encompasses all types of quantitative models, and defines and specifies the duties and responsibilities of contributors involved throughout each model's life cycle. A specific procedure defines the conditions for delegating validation, within a specific scope, to another entity besides the Risk division validation team: the entity in question must have the necessary expertise, be independent of the team developing the model, and have appropriate validation governance. The delegation is subject to the approval of the Model Risk Management Committee.

The internal validation process for new models or for changes to existing models is broken down into three steps:

- a review of the model and its adequacy, conducted independently of the entities having worked on the development of the model; The Risk division's model validation team reports to the Risk Governance department, which is independent of the Modeling department;
- a review by the Group Models Committee, comprised of quantitative experts (modeling specialists and validators) and business line experts who issue a technical opinion on the model. This committee is chaired by the Head of Risk Management, Deputy Chief Executive Officer and member of the Executive Management Committee;
- validation by the Group RCCP Standards and Methods Committee, based on the technical opinion issued by the Group Models Committee, which decides to implement the necessary changes, particularly in terms of processes and operational adaptation. These changes are submitted, where applicable, to the European supervisory authority for prior approval, in accordance with Commission Delegated Regulation No. 529/2014 on changes of the Internal Ratings Based Approach used in determining capital requirements.

After the completion of this governance process, internal control reports and statements of decisions are made available to Group management (and supervisory authorities for internal models used to determine capital requirements). Each year, a summary of the performances and adequacy of internal models is presented to the Risk Committee of the Group Supervisory Board.

The validation team of the Risk Governance department was strengthened and reorganized in 2020 to support the increase in the number of models. It is now composed of three "Retail", "Non-Retail" and "Finance & AI" teams. The Retail division is in charge of reviewing the IRB, IFRS 9 and ICAAP models for the Group's Retail portfolios. The same diagram is shown in the "Excluding Retail" section. The Finance & AI division is in charge of reviewing ALM and Operational Risk models as well as fraud detection, terrorist financing and anti-money laundering models.

These are based on artificial intelligence methods.

Model development process

The Risk division relies on a formalized process describing the main steps taken in developing any new model. This document, which serves as a guide for the entire documentation and validation process, is based on:

- a literary and general description of the model, indicating its scope of application (counterparty type, product type, business line, etc.), the main assumptions on which it is based, and any aspects not covered;
- a descriptive diagram summarizing how the ultimately chosen model works, indicating the various inputs, processes and outputs;
- a detailed description of the modeling steps and approach;
- a literary description of the model's main risk factors.

The internal models developed must meet demanding criteria in terms of risk discrimination and qualification and be assessed by the modeling teams as part of the procedure for assessing the model of the MRM system described above.

These models will ultimately (as from January 1, 2022) incorporate the regulatory changes enacted by the European Banking Authority under its IRB Repair program, aimed at improving the comparability of risk parameters input to the models.

Review of internal ratings-based models

The Groupe BPCE Risk division is responsible for reviewing the Group's internal models whenever a new model is being developed or an existing model changed. It also performs the annual review of backtests on credit, market and Asset/Liability management risk models.

The validation team conducts independent analyses in compliance with a charter and procedures that describe interactions with the modeling entities and the steps of the review. This review is based on a set of qualitative and quantitative criteria, and mainly addresses the following points:

- documentation;
- methodology, including the validity of assumptions;
- performance;
- robustness;
- compliance with regulations.

The level of detail in the review is adjusted for the type of work examined. In any event, it must at least include a document review focusing on the quantitative aspects of rating systems. For a new model or a major change to an existing model, in addition to this review, the computer codes are checked and additional tests are run (comparative calculations).

The scope of the Validation division's involvement may be expanded before and after an investigation of data quality, system implementation and operational integration.

In conclusion, the review generates an opinion on the validity of the models and the associated inputs for credit and counterparty risks, and for models authorized for use in determining capital requirements. It also generates an opinion on compliance with prudential regulations. Where necessary, the review is accompanied by recommendations.

Finally, as a second line of defense, the model validation team performs an assessment of the model as part of the previously described MRM system.

Model mapping

The Risk division maps out all Group internal rating models, clearly indicating their scope in terms of Group segments and entities, as well as their main features, including a general score derived from the annual model review characterizing the performance and freshness of each model (age/year of development). This is now part of the Model Risk Management system.

The system has been enhanced by new models approved by the ECB and awaiting implementation. The models in question are PD rating models for "individual retail" customers and LGD estimation models for "individual retail" and "professional retail" customers. The new methodology for PD rating models aims to improve predictive power over customers without payment incidents. The new LGD calculation methodology aims to distinguish losses in the event a customer is downgraded to "disputed" (material loss) from losses in the event a customer is quickly restored to "performing" status (non-material loss stemming primarily from admin costs).

Other work has also been carried out on overhauling the rating models for "professional retail" customers and on estimating exposure at default (EAD) and loss given default (LGD) for "individual and professional retail" customers, in particular in order to meet the new regulations coming into force in 2022. The models developed in 2018 were approved by the supervisor in 2019 while the new models are pending approval. BPCE Financement has redesigned its models to cover its entire portfolio of revolving loans (pending approval). In 2020, the supervisor confirmed the use of the new models on small business customers (revenues between €3 million and €10 million) by authorizing the 25% add-on. The overhaul of the new models for medium-sized companies (revenues between €10 million and €500 million) as well as the overhaul of the rating scale for large corporates (revenues of more than €1 billion) and banks are pending approval by the supervisor.

Changes in the "Income Producing Real Estate" rating methodology, consisting in particular of downgrading the score of part of the retail assets, were notified ex ante to the supervisor during the second quarter of 2021. The overhaul of the "Project finance" (which dates back to 2009) and "Hedge fund" rating methodologies (which led to the development of a specific score grid for highly leveraged Undertakings for Collective Investment and the creation of a block for adjusting the rating of cash advances on calls for funds at the end of the "Private equity" grid) will be notified ex ante in the fourth quarter of 2021. The overhaul of the bank rating methodology must be delivered before the end of the year.

The Oney subsidiary has been approved for retail customer credit models in France, with work underway to overhaul the system. The Portugal, Spain, Russia, Hungary and Poland scopes use the standardized approach.

The following table lists the internal credit models used by the Group for risk management purposes and, where authorized by the supervisor, to calculate capital requirements for the Banque Populaire and Caisse d'Epargne networks, Natixis and its subsidiaries, Crédit Foncier and Banque Palatine.

Exposure class	Portfolio	Number of PD (Probability of Default) models	Description/ Methodology	Portfolio	Number of LGD (Loss Given Default) models	Description/ Methodology	Number of CCFs/EAD (exposure to default)	Description/ Methodology
Sovereigns, central governments and central banks	Sovereigns and affiliates	1	Expert criteria including quantitative and qualitative variables/economic and descriptive variables	Sovereigns and affiliates	1	Expert criteria including quantitative and qualitative variables	1	Application of regulatory inputs
			Portfolio with low default risk					
	Multilateral development banks	1	Expert criteria					
			Portfolio with low default risk					
Public sector	Municipalities (communes), departments, regions, social housing agencies, hospitals, etc.	10(NA*)	Expert criteria/statistical modeling (logistic regression)					
			Portfolio with low default risk					
Institutions	OECD or non-OECD banks, brokers/dealers	3	Expert criteria	Banks	1	Expert criteria including quantitative and qualitative variables	1	Application of regulatory inputs
			Portfolio with low default risk					
Corporate customers	Large corporates (Rev. > €1bn)	5	Expert criteria including quantitative and qualitative variables, depending on the business sector					
			Portfolio with low default risk					
	Small and medium-sized companies (Rev. > €3 million)	9 (o/w 2 NA)	Statistical models (logistic regression) or flat scores, on companies publishing parent company or consolidated financial statements, mainly based on balance sheet data depending on the business sector, and banking behavior/history	Other contracts (general, property investment companies, etc.)	7 (o/w 3 NA)	Models based on estimated losses, segmented by type of contract and guarantee, or expert criteria	2 (o/w 1 NA)	Conversion factors, segmented by type of contract
	Non-profits and Insurance companies	2	Expert criteria including quantitative and qualitative variables	Leasing	1	Models based on estimates of asset resale conditions, segmented by type of asset financed		
			Portfolio with low default risk					
	Specialized financing (real estate, asset pool, aircraft, etc.)	8 (o/w 1 NA)	Expert criteria based on features of financed goods/projects	Specialized financing (real estate, asset pool, aircraft, etc.)	5	Models based on estimates of asset resale conditions or future cash flows		
			Portfolio with low default risk					
Retail	Individual customers	7	Statistical models (logistic regression) including behavioral and socioeconomic variables, differentiated by customer profile	Residential real estate	3 (o/w 1 NA)	Models based on estimated losses, segmented by type of contract and guarantee	3 (o/w 1 NA)	Conversion factors, segmented by type of contract
	Professional customers (socioeconomic category differentiated according to certain sectors)	10	Statistical models (logistic regression) including balance sheet and behavioral variables					
	Residential real estate	5 (o/w 2 NA)	Statistical models (logistic regression) including behavioral and socioeconomic variables, or project description variables (quota, etc.), differentiated by customer profile	Other individual and professional customers	2	Models based on estimated losses, segmented by type of contract and guarantee	2	Conversion factors and flat-rate values, segmented by type of contract
				Leasing	2	Models based on estimates of asset resale conditions, segmented by type of asset financed		
	Revolving loans	2	Statistical models (logistic regression) including behavioral and socioeconomic variables	Revolving loans	2	Models based on estimated losses, segmented by type of contract	2	Conversion factors, segmented by type of contract

* NA refers to models not yet approved for the determination of capital requirements.

INTERNAL RATINGS-BASED APPROACHES – RETAIL CUSTOMERS

For retail customers, Groupe BPCE has established standardized internal ratings-based methods and centralized ratings applications used to assess the credit quality of its loan books for better risk supervision. For the Banque Populaire and Caisse d'Epargne networks, they are also used to determine capital requirements under the Advanced IRB method.

The probability of default of retail customers is modeled by the Risk division, based in large part on the banking behavior of the counterparties. The models are segmented by type of customer, distinguishing between individual and professional customers (with or without balance sheets) and according to products owned. The counterparties in each segment are automatically classified using statistical models (usually logistic regression models) into similar and statistically separate risk categories. Probability of default is estimated for each of these categories, based on the observation of average default rates over the longest period possible so as to obtain a period representative of the possible variability of the observed default rates. These estimates are systematically adjusted by applying margins of conservatism to cover any uncertainties. For comparison purposes, risk reconciliation is carried out between internal ratings and agency ratings.

Loss given default (LGD) is an economic loss measured by incorporating all inherent factors in a transaction as well as the costs incurred during the collection process. LGD estimation models for retail customers are applied specifically to each network. LGD values are first estimated by product, and based on whether or not any collateral has been provided. Other factors may also be considered secondarily, where they can be used to statistically distinguish between degrees of loss. The estimation method employed is based on the observation of marginal collection rates, depending on how long the customer has been in default. The advantage of this method is that it can be directly used to estimate LGD rates applied to performing loans and ELBE rates applied to loans in default. Estimates are based on internal collection histories for exposures at default over an extended period. Two margins of conservatism are then systematically added: the first to cover estimate uncertainties and the second to mitigate any economic slowdown effect.

Groupe BPCE uses two models to estimate EAD. The first estimates a Credit Conversion Factor (CCF) for off-balance sheet exposures. This model is automatically applied when off-balance sheet exposures are deemed material (i.e. exceeding the limits set for each type of product). The second estimates a flat increase in the balance sheet for non-material off-balance sheet exposures.

INTERNAL RATINGS-BASED APPROACHES – NON-RETAIL CUSTOMERS

Groupe BPCE has comprehensive systems for measuring non-retail customer risks, using either the Foundation IRB or Advanced IRB approach depending on the network and the customer segment. These systems can also be used to assess the credit quality of its loan books for better risk supervision.

The rating system consists in assigning a score to each counterparty. Given the Group's cooperative structure, a network of officers is responsible for determining the customer's rating for the Group based on the uniqueness of the score. The score assigned to a counterparty is usually suggested by a model, then adjusted and validated by Risk function experts after they perform an individual analysis. This process is applied to the entire Non-Retail portfolio, except the new models reserved for Small Enterprises (SEs), which are automatically rated (as with the Retail portfolio). The counterparty rating models are mainly structured according to the type of counterparty (corporates, institutions, public sector entities, etc.) and size of the company (measured by its annual revenues). When volumes are sufficient (SMEs, ISEs, etc.), the models rely on statistical modeling (logistic regression methods) of customer defaults, combined with qualitative questionnaires. Failing that, grids built by experts are used. These consist of quantitative elements (financial ratios, solvency, etc.) derived from financial data and qualitative elements assessing the customer's economic and strategic dimensions. With respect to country risk, the system is based on sovereign ratings and country ratings that limit the ratings that can be given to non-sovereign counterparties. The Non-Retail rating scale is built using past Standard & Poor's ratings to ensure the direct comparability in terms of risks with the rating agencies. For the new SE models, specific scales were defined for each model used to perform regulatory calculations. These scales are connected with the Non-Retail rating scale for internal risk management. For statistical models, the calibration of probabilities of default on the scales defined for regulatory calculations is based on the same principles as those set out for retail customers (in particular the historic representation of default rates, as well as the estimation of uncertainty margins).

LGD models (excluding retail customers) are predominantly applied by type of counterparty, type of asset, and whether or not any collateral has been provided. Similar risk categories are then defined, particularly in terms of collections, procedures and type of environment. LGD estimates are assessed on a statistical basis if the number of defaults is high enough (e.g. for the Corporate customers asset class). Past internal data on collections covering the longest possible period are used. If the number of defaults is not high enough, external databases and benchmarks are used to determine expert rates (e.g. for banks and sovereigns). Finally, some values are based on stochastic model, for loans in collection. Downturn LGD is checked and margins of conservatism are added if necessary.

Groupe BPCE uses two models to estimate EAD for corporates. The first estimates a Credit Conversion Factor (CCF) for off-balance sheet exposures. This model is automatically applied when off-balance sheet exposures are deemed material (i.e. exceeding the limits set for each type of product). The second estimates a flat increase in the balance sheet for non-material off-balance sheet exposures.

The rating methodologies for low-default portfolios are expert-based; qualitative and quantitative criteria (corresponding to the characteristics of the counterparty to be rated) are used to link the counterparty to a score and a rating, which is then linked to a PD. This PD is based on observation of external default data, but also on internal rating data. A PD range cannot be quantified due to the low number of internal defaults.

STANDARDIZED APPROACH

The "risk measurement and internal ratings" section describes the various approved models used by Groupe BPCE for the different exposures classes. Where the Group does not have an internal model authorized for use in determining capital requirements for a given exposure class, they have to be estimated based on corresponding inputs under the standardized approach. These inputs are based in particular on the credit assessments (ratings) performed by rating agencies recognized by the supervisory authority as meeting ECAI (External Credit Assessment Institutions) requirements, such as Moody's, Standard & Poor's, Fitch Ratings and Banque de France for Groupe BPCE.

In accordance with Article 138 of Regulation No. 575/2013 (Capital Requirements Regulation or CRR) on prudential requirements for credit institutions and investment firms, where a counterparty has been rated by several rating agencies, the counterparty's rating is determined on the basis of the second highest rating.

When an external credit rating directly applicable to a given exposure is required and exists for the issuer or for a specific issuance program, the procedures used to determine the weighting are applied in accordance with CRR Article 139.

For fixed-income securities (bonds), short-term external ratings of the bond take precedence over external ratings of the issuer. If there are no external ratings for the bond, the issuer's long-term external rating is taken into account for senior debt only, except in the specific case of exposure to institutions whose risk weight is derived from the credit rating of the sovereign country in which it is established.

BACKTESTING

All three credit risk inputs are subject to yearly backtesting in order to verify the performance of the rating system. More specifically, backtesting is aimed at measuring the overall performance of models used, primarily to ensure that the model's discriminating power has not declined significantly relative to the modeling period.

Observed default rates are then compared with estimated default rates for each rating. Ratings are checked for through-the-cycle applicability. More specifically, for portfolios with low default rates (large corporates, banks, sovereigns and specialized financing), a detailed analysis is carried out using additional indicators, including more qualitative analyses among other things.

The scope of LGD default values is consistent with the values observed, i.e. limited exclusively to exposures at default. Estimated values therefore cannot be directly compared with LGD values measured in the outstanding portfolio. Downturn LGDs are also verified.

Backtesting results may call for the implementation of action plans if the system is deemed not sufficiently prudent or effective. Backtesting results and the associated action plans are discussed by the Group Models Committee, then reviewed by the RCCP Standards & Methods Committee (see governance of the internal rating system).

On the basis of these exercises, the rating system has been deemed satisfactory overall in terms of effective risk management. Moreover, the calibrations of risk parameters remain conservative on the whole, relative to actual risk observations.

REPORTS ON CREDIT RISK MODELS

Since the Single Supervisory Mechanism (SSM) was implemented in 2014, the European Central Bank (ECB) has been working to strengthen governance of internal model supervision through various investigations.

These include the TRIM (Targeted Review of Internal Models), aimed at assessing the regulatory compliance of internal models specifically targeted by the ECB. To that end, TRIM investigations are based on a set of standardized inspection methodologies and techniques, which the teams mandated by the ECB use on-site. BPCE was subject to TRIM reviews covering several scopes of operation from December 2016 to May 2018, giving rise to reports prepared by the ECB: a TRIM General Topics, then three specific reviews targeting internal credit risk models (one on the Corporate portfolio and two on the Retail portfolios). As a result, several new initiatives were launched with the aim of further improving the existing system.

The European Central Bank is continuing its work by applying a similar methodology via the Internal Model Investigation (IMI) process. Two reviews were carried out during the last quarter of 2019 (one on the retail – individual customers PD model and the retail LGD model, and the other on the corporate PD models for small businesses). These two reviews also gave rise to reports by the supervisor and authorizations received in late 2020 on Small businesses and early 2021 on Retail.

The additional work generated by these reports is largely in line with the implementation of regulatory changes made by the European Banking Authority as part of its "IRB Repair" program incorporating the new definition of default. Following this work, material change files were submitted to the ECB in March 2021. An IMI mission began in March 2021 for the Corporate scopes and one in November 2021 for the Retail scopes. These two reviews also gave or will give rise to reports by the supervisor.

IMPACTS ON THE AMOUNT OF GUARANTEES THE INSTITUTION IS REQUIRED TO GIVE IN THE EVENT ITS CREDIT RATING IS DOWNGRADED

The CRR2 and the Delegated act require institutions to report to the competent authorities any contracts the conditions of which lead to additional liquidity outflows following a material deterioration of the credit quality of the institution (e.g. a downgrade in its external credit assessment by three notches). The institution shall regularly review the extent of this deterioration in light of what is relevant under the contracts it has entered into and shall notify the result of its review to the competent authorities (CRR 423.2/AD 30.2).

The competent authorities decide the weighting to be assigned to contracts deemed to have a material impact.

For contracts containing early exit clauses on master agreements (framework agreements between the bank and a counterparty for OTC derivative transactions without collateral), the early termination clause allows one counterparty to terminate the contract early following the deterioration of the credit quality of the other counterparty. Accordingly, the number of early terminations generated by credit quality deterioration shall be estimated.

It was agreed that the Group would measure outflows generated by reviewing all the Group's master agreements or credit support annexes on the OTC market, in order to assess the amount of the deposit/collateral required following a downgrade of three notches in the institution's long-term credit rating by three rating agencies (Moody's, S&P, Fitch). The calculation also includes the amount of the deposit/collateral required following a downgrade of one notch in the institution's short-term credit rating, with the Group considering such a downgrade inevitable if the institution's LT credit rating is downgraded three notches.

At Groupe BPCE level, the calculation covers BPCE SA, Natixis, Crédit Foncier and their funding vehicles: BP CB, GCE CB, BPCE SFH, FCT HL, SCF and VMG. Some intragroup contracts generate outflows at the individual institution level, but are neutralized at the Groupe BPCE consolidated level.

The Group uses a conservative approach in its calculation:

- the impact for each contract is the maximum amount between the three rating agencies between a 1-notch downgrade in the ST rating and a 3-notch downgrade in the LT rating;
- the amount of ratings triggers reported is the sum of all impacts of a one-notch downgrade in the ST rating and a three-notch downgrade in the MLT rating;
- the assumption is made that all external ratings are downgraded simultaneously by the three agencies and for all rated entities;
- as the national competent authority has not issued a recommendation, a weighting of 100% is applied to reported outflows for the calculation of the LCR.

5.3 Use of credit risk mitigation techniques

Credit risk mitigation techniques are widely used within the Group and are divided into real guarantees and personal guarantees.

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. For example, a personal and joint guarantee provided in due form by a company director who is a customer of the Group, and collected in accordance with regulations, may be effective without being eligible as a statistical risk mitigation factor.

In some cases, the Group's institutions choose, in addition to employing risk mitigation techniques, to take opportunities to sell portfolios of disputed loans, particularly when the techniques used are less effective or non-existent.

Credit derivatives are also used to reduce risks, and apply almost exclusively to the Corporate customers asset class (and mainly Natixis).

Definition of guarantees

A real guarantee involves one or more solidly measured movable or immovable assets that belong to the debtor or a third party. This guarantee consists of granting the creditor a real right to said asset (mortgage, pledge of real property, pledge of listed liquid securities, pledge of listed liquid merchandise with or without divestiture, pledge, third party guarantee, etc.).

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 IRB 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 Regulation (EU) 2019/876 of May 20, 2019 amending Regulation (EU) 575/2013 set out the conditions for the recognition of guarantees, 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. In practice, individual or topical caps and limits are defined, thus reducing the bank's sensitivity to risks deemed excessive, either individually or industry-wide, in the event of a major incident.

Risk supervision activities may be implemented to reduce exposure to a given risk if it is deemed too high. They also contribute to effective division of risks.

Division of risks

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 sectorally to be too significant to carry in the event of major incidents.

Guarantors

The Banque Populaire network has historically used professionals and Mutual Guarantee Companies (such as SOCAMAs, which guarantee loans to craftsmen) to secure its loans, in addition to the real guarantees used.

For loans to individual customers, it also turns to CASDEN Banque Populaire (and primarily its Parnasse Garanties structure) to back loans to all civil servants, to Crédit Logement and increasingly to Compagnie Européenne de Garanties et de Cautions (CEGC, a subsidiary of BPCE SA).

For home loans, the Caisse d'Epargne network mainly calls on CEGC, FGAS (Fonds de garantie à l'accession sociale à la propriété) and, to a lesser extent, Crédit Logement (a financial institution and a subsidiary of most of the main French banking networks). These institutions specialize in the provision of guarantees for bank loans (predominantly home loans).

FGAS offers guarantees from the French government for secured loans. Loans covered by FGAS guarantees granted before December 31, 2006 are given a 0% risk weigh, and loans covered by guarantees granted after that date have a risk weight of 15%.

For their home loans, the Banque Populaire and Caisse d'Epargne networks also use several mutual insurers, such as MGEN, Mutuelle de la Gendarmerie, etc.

For professional and corporate customers, the entire Group still uses Banque Publique d'Investissement, while calling on the European Investment Fund or European Investment Bank for guarantee packages in order to substantially reduce credit risk.

In some cases, organizations such as Auxiga are used for the seizure of inventory and the transfer of its ownership to the bank as collateral for commitments made in the event of financial hardships.

Finally, on an occasional basis, Natixis purchases credit insurance for certain transactions and in some circumstances, from private (SCOR) or public (Coface, Hermes, other sovereign agencies) reinsurance companies, while also making use of Credit Default Swaps (CDS).

In light of the Covid crisis, the French government allowed its guarantee to be used within the scope of the State-guaranteed loans granted. Groupe BPCE used this option.

Credit derivatives serving as currency or interest rate hedges are entrusted to approved clearing houses in Europe or the US for Natixis operations in this country.

Concentration of collateral volumes

By type of guarantor:	• for home loan exposures, most collateral takes the form of mortgages (risk diversified by definition, bank better protected by basing credit approval decisions on customer income), insurance-oriented guarantees such as those provided by CEGC (a subsidiary of Groupe BPCE, subject to regular stress testing), Crédit Logement (providing guarantees to multiple banks subject to the same constraints), FGAS (controlled by the French State, considered equivalent to sovereign risk). The CASDEN guarantee, issued to government employees, currently offers solid resilience according to a model based on the robust income of this particular customer base; • for professional customer exposures, the most common guarantees are those provided by the Banque Publique d'investissement (BPI), subject to strict formal constraints, and mortgages. Guarantees provided by institutions such as SOCAMAs, whose solvency depends on the credit institutions of Groupe BPCE, are also used; • for corporate customers, the main guarantees used are Banque Publique d'investissement mortgages and guarantees.
By credit derivative providers:	• the regulations require the use of clearing houses for interest rate risk on the new flow. This security does not, however, cover the counterparty default risk, which is a granular risk. Volumes of collateral provided by clearing houses are gradually on the rise, generating a regulated and supervised risk; • the currency risk is hedged at the level of each contract with the introduction of margin calls at a frequency appropriate to the risk. These transactions are matched to interbank counterparties specializing in this type of transaction, within the framework of individual limits authorized by the Group Credit Committee and counterparties.
By credit sector:	• Groupe BPCE has established sector-specific mechanisms to guide the guarantee policy based on the business sector in question. Appropriate recommendations are issued to the institutions.
By geographic area:	• Groupe BPCE is mainly exposed to France and, via Natixis, to other countries to a lesser extent. As a result, most guarantees are located in France.

5

Valuation and management of collateral comprising real guarantees

Groupe BPCE has an automatic valuation tool for real-estate guarantees available to all its networks.

Across the Banque Populaire network, in addition to real guarantees, the valuation tool also takes into account pledges of vehicles, equipment and tools, pleasure craft, and business assets.

The Caisse d'Epargne network uses the revaluation engine for real estate guarantees in all its risk segments.

At Groupe BPCE, guarantees from Mutual Guarantee Companies recognized as providers of sureties considered equivalent to mortgages by the supervisory body are subject to a credit insurance valuation.

An enhanced Group valuation process was established to measure real estate guarantees above certain amounts. The certification obtained by BPCE Solutions immobilières (formerly Crédit Foncier Expertise), a subsidiary of BPCE since the decision was made to place CFF under run-off management, strengthens the Group's synergies.

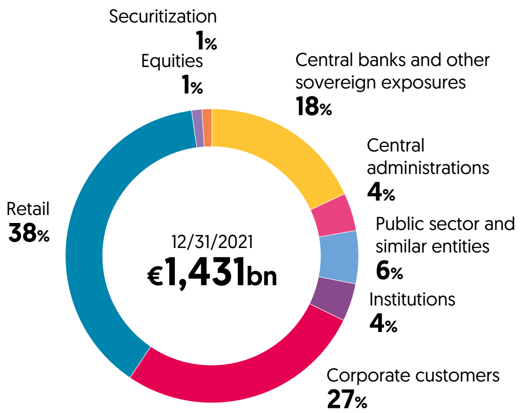
Guarantees other than those referred to above are assessed and validated on the basis of a systematic valuation, either according to market value where the guarantees are quoted on liquid markets (e.g. listed securities), or based on expert opinion demonstrating the value of the guarantee used to hedge risks (e.g. the value of recent transactions on aircraft or ships according to their characteristics, the value of commodity holdings, the value of a pledge given on merchandise, or the value of a business based on its location, etc.).

5.4 Quantitative disclosures

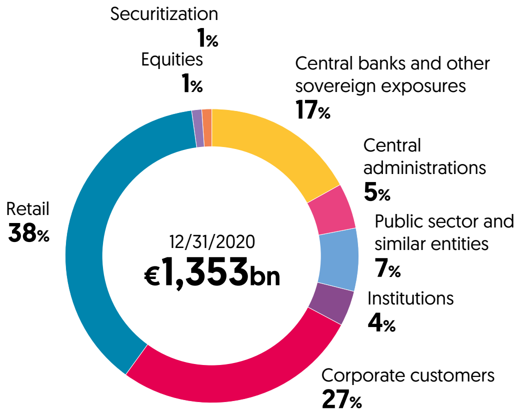
Credit risk exposure

PORTFOLIO BREAKDOWN BY EXPOSURE CLASS (EXCLUDING OTHER ASSETS)

12/31/2021



12/31/2020

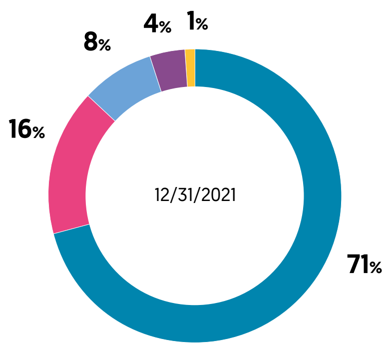


Groupe BPCE's total gross exposures amounted to more than €1,431 billion on December 31, 2021, up €78 billion.

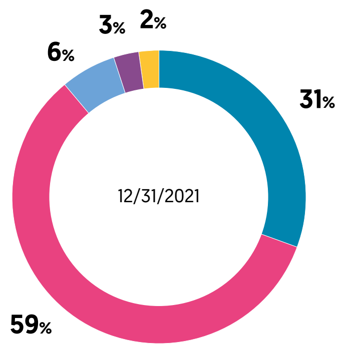
GEOGRAPHIC BREAKDOWN OF GROSS EXPOSURES

12/31/2021

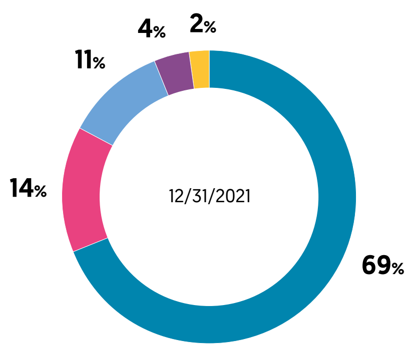
INSTITUTIONS



CENTRAL ADMINISTRATIONS/ CENTRAL BANKS AND OTHER SOVEREIGN EXPOSURES



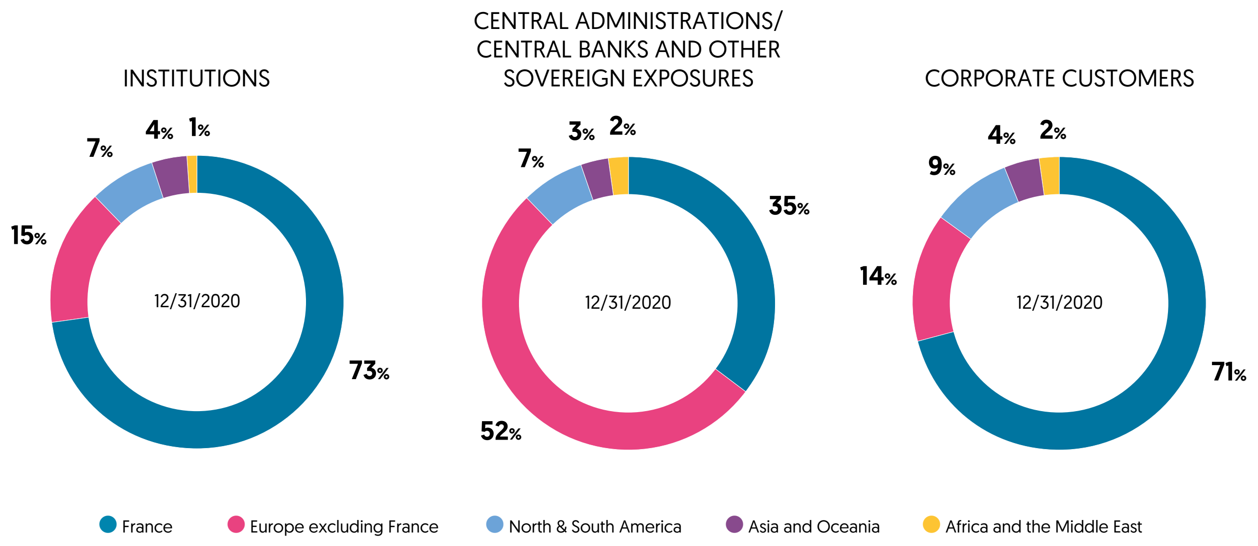
CORPORATE CUSTOMERS



France Europe excluding France North & South America Asia and Oceania Africa and the Middle East

Gross exposures are very predominantly located in Europe, especially in France, for all asset classes (69% of corporates).

12/31/2020



5

CONCENTRATION

BPCE14 – CONCENTRATION BY BORROWER

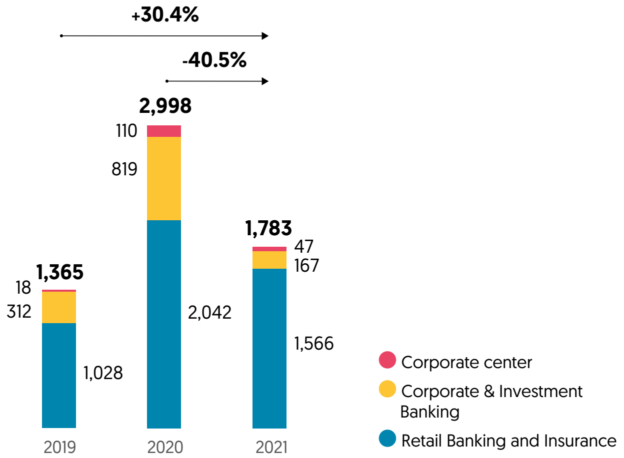
Concentration by borrower	12/31/2021 Breakdown Gross amount/Total large exposures[(1)]	12/31/2021 Weight in relation to capital Gross amount/ Capital[(2)]	12/31/2020 Breakdown Gross amount/Total large exposures[(1)]	12/31/2020 Weight in relation to capital Gross amount/ Capital[(2)]
No. 1 borrower	3.9%	10.7%	2.9%	6.2%
Top 10 borrowers	17.6%	48.1%	20.5%	43.6%
Top 50 borrowers	47.6%	130.1%	52.8%	112.2%
Top 100 borrowers	68.5%	187.0%	74.8%	159.1%

(1) Total large exposures excluding sovereigns for Groupe BPCE (€190.4 billion at 12/31/2021).
(2) Groupe BPCE regulatory capital (Corep CA1 row 11 at 12/31/2021): €69.8 billion.

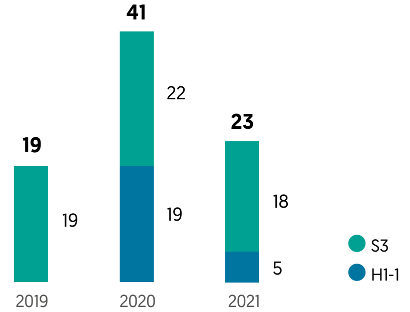
The percentage of the Top 100 borrowers was slightly up in 2020 and did not show any particular concentration.

Provisions and impairments

CHANGE IN THE GROUP'S NET COST OF RISK *(IN €M)*



COST OF RISK IN BP [1] (GROUPE BPCE)



Groupe BPCE's cost of risk amounted to €1,783 million in 2021, down sharply year-on-year (-40.5%). However, the cost of risk in 2021 remains higher than in 2019 (+30.4%), as a result of a still prudent provisioning policy.

In 2021, Groupe BPCE's cost of risk amounted to 23bps in relation to gross customer outstandings (41 bp in 2020), of which 5 bp for provisioning on performing loans (19 bps in 2020) classified as "Stage 1" or "Stage 2".

It stood at 24bps for Retail Banking and Insurance (35bps in 2020), including 7bps for the provisioning of performing loans (20bps in 2020) rated "Stage 1" or "Stage 2", and at 27bps for Corporate & Investment Banking (126bps in 2020), including 7bps for the provisioning of performing loans rated "Stage 1" or "Stage 2", compared with 22bps in 2020.

The ratio of non-performing loans to gross loan outstandings stood at 2.4% on December 31, 2021, down by 0.1% compared to end-2020.

BPCE15 – HEDGING OF NON-PERFORMING LOANS

in millions of euros	12/31/2021	12/31/2020
Gross outstanding loans to customers and credit institutions	889.6	851.0
O/w S1/S2 outstandings	867.9	829.4
O/w S3 outstandings	21.6	21.6
Non-performing loans/gross outstandings loans	**2.4%**	**2.5%**
S1/S2 impairments recognized	4.6	4.2
S3 impairments recognized	9.2	9.5
Impairments recognized/non-performing loans	**42.7%**	**43.9%**
Coverage ratio (including guarantees related to impaired outstandings)	**69.8%**	**69.1%**

(1) Excluding non-recurring items.

Non-performing and forborne exposures

EU CQ1 – CREDIT QUALITY OF FORBORNE EXPOSURES

in millions of euros	12/31/2021 Gross carrying amount/nominal amount of exposures with forbearance measures – Performing forborne	Non-performing forborne	Of which defaulted	Of which impaired	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions – On performing forborne exposures	On non-performing forborne exposures	Collateral received and financial guarantees received on forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
Loans and advances	**7,720**	**8,475**	**8,475**	**8,469**	**(248)**	**(2,164)**	**10,730**	**4,865**
Central banks		4	4	4		(4)		
General governments	7	18	18	17		(7)	3	2
Other financial corporations	6	96	96	96		(56)	32	31
Non-financial corporations	5,568	4,519	4,519	4,514	(159)	(1,215)	6,379	2,200
Households	2,139	3,838	3,838	3,838	(88)	(882)	4,316	2,632
Debt securities		**18**	**18**	**18**				
Loan commitments given	**156**	**245**	**245**	**245**	**(2)**	**(42)**	**124**	**17**
TOTAL	**7,877**	**8,738**	**8,738**	**8,732**	**(250)**	**(2,206)**	**10,854**	**4,883**

in millions of euros	12/31/2020 Gross carrying amount/nominal amount of exposures with forbearance measures – Performing forborne	Non-performing forborne	Of which defaulted	Of which impaired	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions – On performing forborne exposures	On non-performing forborne exposures	Collateral received and financial guarantees received on forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
Loans and advances	**5,186**	**6,230**	**6,230**	**6,224**	**(292)**	**(1,842)**	**7,353**	**3,547**
Central banks		4	4	4		(4)		
General governments	31	17	17	17		(7)	3	1
Other financial corporations		65	65	65		(40)	16	16
Non-financial corporations	2,100	3,106	3,106	3,100	(157)	(1,044)	2,943	1,467
Households	3,055	3,037	3,037	3,037	(134)	(748)	4,390	2,063
Debt securities		**76**	**76**	**76**		**(55)**		
Loan commitments given	**31**	**17**	**17**	**17**	**1**	**2**	**18**	**11**
TOTAL	**5,218**	**6,323**	**6,323**	**6,317**	**(291)**	**(1,896)**	**7,371**	**3,558**

EU CR1 – PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS

	12/31/2021													
	Gross carrying amount/Nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						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
in millions of euros		Of which Stage 1	Of which Stage 2[(1)]		Of which Stage 2	Of which Stage 3[(1)]		Of which Stage 1	Of which Stage 2		Of which Stage 2	Of which Stage 3		
Cash balances at central banks and other demand deposits	**190,962**	**190,826**	**117**										**39**	
Loans and advances	**863,552**	**781,730**	**78,742**	**21,669**		**20,552**	**(4,651)**	**(1,431)**	**(3,218)**	**(9,236)**		**(9,053)**	**513,861**	**10,221**
Central banks	11		11	19		19				(19)		(19)		
General governments	132,409	126,289	4,629	133		116	(32)	(5)	(27)	(53)		(53)	2,512	27
Banks	6,846	6,670	176	10		6	(21)	(14)	(7)	(10)		(6)	62	
Other financial corporations	19,532	17,765	1,606	169		151	(29)	(16)	(13)	(94)		(76)	5,396	34
Non-financial corporations	294,498	240,032	53,043	13,104		12,035	(3,259)	(997)	(2,260)	(6,055)		(5,895)	156,223	5,211
Of which SMEs	*141,247*	*115,086*	*26,056*	*6,249*		*5,914*	*(1,968)*	*(529)*	*(1,438)*	*(2,780)*		*(2,749)*	*91,997*	*3,134*
Households	410,255	390,975	19,276	8,234		8,225	(1,310)	(399)	(911)	(3,005)		(3,004)	349,667	4,949
Debt securities	**76,286**	**68,860**	**657**	**252**		**123**	**(25)**	**(15)**	**(9)**	**(180)**		**(101)**	**1,417**	
Central banks	687	687												
General governments	48,267	46,861	215				(7)	(5)	(3)				485	
Banks	7,030	6,878											67	
Other financial corporations	10,594	6,199	344	95		89	(8)	(4)	(5)	(86)		(79)	234	
Non-financial corporations	9,707	8,234	98	157		34	(9)	(6)	(2)	(95)		(22)	630	
Off-balance sheet exposures	**214,044**	**188,808**	**16,073**	**1,829**		**1,539**	**(515)**	**(236)**	**(279)**	**(346)**		**(336)**	**58,031**	**347**
Central banks	79	79												
General governments	9,726	8,665	466	1		1	(1)						785	
Banks	7,856	4,884	129	19		19	(11)	(10)	(1)				136	
Other financial corporations	24,602	21,563	1,709	2		2	(73)	(5)	(68)	(1)		(1)	11,827	
Non-financial corporations	125,848	108,362	13,111	1,738		1,449	(381)	(190)	(191)	(333)		(324)	29,414	327
Households	45,932	45,255	657	68		68	(50)	(31)	(19)	(11)		(11)	15,869	20
TOTAL	**1,344,844**	**1,230,224**	**95,588**	**23,750**		**22,214**	**(5,190)**	**(1,682)**	**(3,506)**	**(9,762)**		**(9,491)**	**573,348**	**10,569**

(1) Excluding Purchased or Originated Credit-Impaired (S3 POCI) assets.

	12/31/2020													
	Gross carrying amount/Nominal amount						**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**						**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**
in millions of euros		**Of which Stage 1**	**Of which Stage 2**		**Of which Stage 2**	**Of which Stage 3**		**Of which Stage 1**	**Of which Stage 2**		**Of which Stage 2**	**Of which Stage 3**		
Cash balances at central banks and other demand deposits*														
Loans and advances	**827,244**	**760,756**	**63,308**	**21,614**		**21,593**	**(4,230)**	**(1,441)**	**(2,789)**	**(9,470)**		**(9,470)**	**479,131**	**9,424**
Central banks	12		12	19		19				(19)		(19)		
General governments	131,052	124,149	5,064	159		144	(48)	(9)	(39)	(49)		(49)	2,896	28
Banks	6,299	5,974	258	16		16	(15)	(8)	(7)	(15)		(15)	407	
Other financial corporations	17,282	15,590	1,425	205		205	(30)	(12)	(18)	(95)		(95)	4,024	18
Non-financial corporations	281,863	240,954	39,901	13,033		13,027	(2,824)	(1,040)	(1,784)	(6,211)		(6,211)	146,918	4,767
Of which SMEs	*129,941*	*115,639*	*14,264*	*5,391*		*5,391*	*(1,605)*	*(567)*	*(1,038)*	*(2,602)*		*(2,602)*	*83,903*	*2,458*
Households	390,736	374,089	16,647	8,182		8,182	(1,312)	(372)	(940)	(3,081)		(3,081)	324,886	4,611
Debt securities	**81,176**	**72,098**	**942**	**333**		**330**	**(28)**	**(21)**	**(7)**	**(240)**		**(239)**	**1,119**	
Central banks	209	209												
General governments	51,576	50,145	186				(9)	(6)	(3)				180	
Banks	7,495	7,391	22										268	
Other financial corporations	11,720	5,534	691	102		101	(6)	(4)	(2)	(87)		(87)	54	
Non-financial corporations	10,177	8,819	44	231		229	(12)	(10)	(2)	(153)		(153)	617	
Off-balance sheet exposures	**199,985**	**173,402**	**13,160**	**1,689**	**6**	**1,683**	**501**	**257**	**243**	**351**	**1**	**351**	**44,544**	**429**
Central banks	5,331	182												
General governments	11,157	9,326	516				4	1	3				332	
Banks	5,144	3,160	377	34		34	16	7	9	18		18	6	
Other financial corporations	22,531	20,223	1,521	25		25	39	11	27	1		1	7,842	
Non-financial corporations	110,839	96,110	10,188	1,569	6	1,563	394	204	190	326	1	326	21,472	411
Households	44,983	44,402	557	61		61	49	34	15	6		6	14,892	18
TOTAL	**1,108,406**	**1,006,256**	**77,410**	**23,636**	**6**	**23,605**	**(3,757)**	**(1,204)**	**(2,552)**	**(9,358)**	**1**	**(9,358)**	**524,794**	**9,854**

* At 12/31/2020, amounts relating to deposits with central banks and other demand deposits were not reported.

Assets with past due payments

Assets with past due payments are performing exposures on which a payment incident has been recorded.

For example:

- a debt instrument is considered past due if the bond issuer is no longer making interest payments;
- a loan is considered past due if one of the installments remains unpaid;
- a current account overdraft carried in "Loans and advances" is considered past due if the overdraft period or authorized limit has been exceeded at the reporting date.

The amounts disclosed in the statement below do not include past due payments resulting from the time difference between the settlement date and the recognition date.

Past due loans and advances (past due principal and accrued interest in the case of loans and total overdrafts in the case of current accounts) can be broken down by due date as follows:

EU CQ3 – CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY NUMBER OF DAYS PAST DUE

	12/31/2021											
	Gross carrying amount/Nominal amount											
	Performing exposures			Non-performing exposures								
in millions of euros		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 ≤ 2 years	Past due > 2 ≤ 5 years	Past due > 5 ≤ 7 years	Past due > 7 years	Of which defaulted
Cash balances at central banks and other demand deposits	**190,962**	**190,962**										
Loans and advances	**863,552**	**861,811**	**1,740**	**21,669**	**17,256**	**1,053**	**1,079**	**859**	**885**	**191**	**346**	**21,625**
Central banks	11	11		19	1				4		13	19
General governments	132,409	132,323	85	133	74	6	3	2	20		27	133
Banks	6,846	6,845	1	10	5				5			10
Other financial corporations	19,532	19,530	2	169	105	2		27	5		30	151
Non-financial corporations	294,498	293,504	994	13,104	10,767	564	657	423	406	95	191	13,082
Of which SMEs	*141,247*	*140,836*	*411*	*6,249*	*5,397*	*222*	*195*	*163*	*126*	*38*	*109*	*6,235*
Households	410,255	409,598	657	8,234	6,304	481	418	406	445	96	84	8,231
Debt securities	**76,286**	**76,286**		**252**	**193**				**59**			**247**
Central banks	687	687										
General governments	48,267	48,267										
Banks	7,030	7,030										
Other financial corporations	10,594	10,594		95	37				59			95
Non-financial corporations	9,707	9,707		157	157							152
Off-balance sheet exposures	**214,044**			**1,829**								**1,823**
Central banks	79											
General governments	9,726			1								1
Banks	7,856			19								19
Other financial corporations	24,602			2								2
Non-financial corporations	125,848			1,738								1,732
Households	45,932			68								68
TOTAL	**1,344,844**	**1,129,059**	**1,740**	**23,750**	**17,450**	**1,053**	**1,079**	**859**	**944**	**191**	**346**	**23,695**

	12/31/2020											
	Gross carrying amount/Nominal amount											
	Performing exposures			Non-performing exposures								
in millions of euros		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 ≤ 2 years	Past due > 2 ≤ 5 years	Past due > 5 ≤ 7 years	Past due > 7 years	Of which defaulted
Cash balances at central banks and other demand deposits*												
Loans and advances	**827,244**	**824,734**	**2,510**	**21,614**	**17,157**	**831**	**962**	**1,017**	**921**	**319**	**408**	**21,614**
Central banks	12	12		19	1			4			13	19
General governments	131,052	130,976	76	159	97	1	4	2	29		26	159
Banks	6,299	6,296	4	16	11				4			16
Other financial corporations	17,282	17,270	12	205	173			1	2		30	205
Non-financial corporations	281,863	280,457	1,406	13,033	10,897	303	465	510	423	201	235	13,033
Of which SMEs	*129,941*	*129,280*	*661*	*5,391*	*4,579*	*144*	*156*	*189*	*155*	*50*	*119*	*5,391*
Households	390,736	389,723	1,013	8,182	5,978	527	492	500	463	118	103	8,182
Debt securities	**81,176**	**81,176**		**333**	**332**							**333**
Central banks	209	209										
General governments	51,576	51,576										
Banks	7,495	7,495										
Other financial corporations	11,720	11,720		102	102							102
Non-financial corporations	10,177	10,177		231	231							231
Off-balance sheet exposures	**199,985**			**1,689**								**1,683**
Central banks	5,331											
General governments	11,157											
Banks	5,144			34								34
Other financial corporations	22,531			25								25
Non-financial corporations	110,839			1,569								1,563
Households	44,983			61								61
TOTAL	**1,108,406**	**905,910**	**2,510**	**23,636**	**17,489**	**831**	**962**	**1,017**	**921**	**319**	**408**	**23,630**

* At 12/31/2020, amounts relating to deposits with central banks and other demand deposits were not reported.

Quality of exposures

EU CQ4 – QUALITY OF NON-PERFORMING EXPOSURES BY GEOGRAPHY

in millions of euros	12/31/2021						
	Gross carrying/nominal amount					Provisions for off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing					
			Of which defaulted	Of which subject to impairment	Accumulated impairment		
On-balance sheet exposures	**961,759**	**21,922**	**21,872**	**952,098**	**(14,090)**		**(1)**
France	840,586	18,708	18,682	834,377	(12,498)		
United States	27,178	310	310	26,069	(101)		
Italy	9,931	118	108	9,870	(92)		
Luxembourg	9,117	551	551	8,546	(148)		
Spain	6,183	93	90	6,145	(94)		(1)
Other countries	68,764	2,142	2,130	67,092	(1,157)		
Off-balance sheet exposures	**215,873**	**1,829**	**1,823**			**(861)**	
France	149,525	1,433	1,427			(767)	
United States	25,032	258	258			(25)	
Luxembourg	3,130	1	1			(10)	
Spain	3,731					(3)	
Switzerland	3,642	1	1			(1)	
Other countries	30,812	136	136			(54)	
TOTAL	**1,177,632**	**23,750**	**23,695**	**952,098**	**(14,090)**	**(861)**	**(1)**

in millions of euros	12/31/2020						
	Gross carrying/nominal amount					Provisions for off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing					
			Of which defaulted	Of which subject to impairment	Accumulated impairment		
On-balance sheet exposures	**1,086,693**	**21,960**	**21,947**	**1,075,353**	**(13,967)**		**(1)**
France	945,986	18,190	18,177	937,896	(12,218)		
United States	39,110	629	629	38,159	(200)		
Luxembourg	10,198	567	567	9,410	(147)		
Italy	9,318	181	181	9,318	(104)		
Japan	8,995	68	68	8,995	(23)		
Other countries	73,085	2,324	2,323	71,575	(1,273)		(1)
Off-balance sheet exposures	**201,674**	**1,689**	**1,683**			**(852)**	
France	148,920	1,302	1,297			(748)	
United States	21,083	312	312			(29)	
Spain	3,454					(3)	
United Kingdom	2,909	9	9			(4)	
Netherlands	2,873					(5)	
Other countries	22,435	66	66			(62)	
TOTAL	**1,288,367**	**23,649**	**23,630**	**1,075,353**	**(13,967)**	**(852)**	**(1)**

EU CQ5 – CREDIT QUALITY OF LOANS AND ADVANCES GRANTED TO NON-FINANCIAL CORPORATIONS BY INDUSTRY

	12/31/2021					
	Gross carrying amount					
		Of which non-performing		Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
in millions of euros			Of which defaulted			
Agriculture, forestry and fishing	4,667	316	316	4,667	(288)	
Mining and quarrying	5,223	402	402	5,223	(189)	
Manufacturing	20,981	1,556	1,554	20,981	(888)	
Electricity, gas, steam and air conditioning supply	8,757	124	122	8,444	(115)	
Water supply	1,379	48	48	1,379	(35)	
Construction	17,085	1,132	1,129	17,079	(710)	
Wholesale and retail trade	32,831	1,895	1,892	32,403	(1,325)	
Transport and storage	7,679	601	600	7,676	(222)	
Accommodation and food service activities	10,601	856	856	10,601	(771)	
Information and communication	4,930	141	141	4,930	(103)	
Financial and insurance activities	34,282	1,042	1,042	34,252	(870)	
Real estate activities	111,061	2,569	2,560	110,793	(2,132)	
Professional, scientific and technical activities	18,953	1,407	1,405	18,953	(592)	
Administrative and support service activities	10,610	475	475	10,601	(198)	
Public administration and defense, compulsory social security	288			288	(2)	
Education	1,811	57	57	1,809	(43)	
Human health services and social work activities	8,312	107	106	8,237	(77)	
Arts, entertainment and recreation	2,694	132	131	2,694	(106)	
Other services	5,458	244	244	5,369	(648)	
TOTAL	**307,603**	**13,104**	**13,082**	**306,380**	**(9,314)**	

in millions of euros	12/31/2020					
	Gross carrying amount					
		Of which non-performing				
			Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
Agriculture, forestry and fishing	4,525	288	288	4,525	(253)	
Mining and quarrying	6,142	591	591	6,114	(203)	
Manufacturing	21,134	1,377	1,377	21,134	(874)	
Electricity, gas, steam and air conditioning supply	7,844	122	122	7,844	(108)	
Water supply	1,262	45	45	1,262	(32)	
Construction	16,932	946	946	16,925	(651)	
Wholesale and retail trade	32,081	1,932	1,932	31,733	(1,272)	
Transport and storage	7,545	480	480	7,539	(199)	
Accommodation and food service activities	9,987	737	737	9,987	(566)	
Information and communication	4,320	271	271	4,320	(92)	
Financial and insurance activities	32,548	1,133	1,133	32,326	(853)	
Real estate activities	102,244	2,443	2,443	101,953	(2,121)	
Professional, scientific and technical activities	19,942	1,402	1,402	19,942	(618)	
Administrative and support service activities	10,449	496	496	10,439	(208)	
Public administration and defense, compulsory social security	128	1	1	128	(2)	
Education	1,729	56	56	1,727	(46)	
Human health services and social work activities	6,948	160	160	6,934	(129)	
Arts, entertainment and recreation	2,513	120	120	2,513	(82)	
Other services	6,625	434	434	6,537	(727)	
TOTAL	**294,896**	**13,033**	**13,033**	**293,882**	**(9,035)**	

Risk mitigation techniques

EU CR3 – USE OF CREDIT RISK MITIGATION TECHNIQUES

in millions of euros	12/31/2021				
	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	o/w guaranteed by credit derivatives
Loans and advances	552,101	524,082	166,368	357,714	-
Debt securities	75,121	1,417	192	1,225	
TOTAL	**627,222**	**525,499**	**166,560**	**358,939**	**-**
Of which non-performing exposures	*11,700*	*10,221*	*4,713*	*5,509*	*-*
Of which defaulted	*11,651*	*10,221*			

in millions of euros	12/31/2020				
	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	o/w guaranteed by credit derivatives
Loans and advances	515,135	490,048	177,132	312,916	-
Debt securities	80,387	1,122	3	1,119	
TOTAL	**595,522**	**491,170**	**177,135**	**314,035**	**-**
Of which non-performing exposures	*12,522*	*9,424*	*5,769*	*3,656*	*-*
Of which defaulted	*12,522*	*9,424*			

5.5 Detailed quantitative disclosures

The detailed quantitative disclosure relating to credit risk in the following tables enhance the information in the previous section in respect of Pillar III.

The key variables presented in the tables are:

- 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);
- expected loss (EL): 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 x PD x LGD (except for loans in default);
- 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 standard or IRB approach, by geographic area, by sector of activity and by maturity. They also present credit quality by standardized approach or IRB, by geographic area and by business segment.

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 the Caisse des Dépôts et Consignations, deferred taxes and reserves;
- central governments: receivables from sovereign states, central and 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 credit institutions 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 guaranteed by a real estate mortgage excluding SMEs, exposures guaranteed 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.)

5

EU CR1 A – MATURITY OF EXPOSURES

	12/31/2021					
	Net exposure value					
in millions of euros	On demand	<= 1 year	> 1 year and ≤ 5 years	> 5 years	No stated maturity	Total
Loans and advances	18,160	171,928	238,835	363,660	70,847	863,430
Debt securities	-	7,279	25,808	20,829	78,554	132,471
TOTAL	**18,160**	**179,207**	**264,644**	**384,489**	**149,401**	**995,901**

EU CQ7 – COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES

	12/31/2021	
	Collateral obtained by taking possession	
in millions of euros	Value at initial recognition	Accumulated negative changes
Property, plant and equipment (PP&E)	2	(1)
Other than PP&E	28	(6)
Residential immovable property	17	(5)
Commercial Immovable property	1	
Other collateral	10	(1)
TOTAL	**30**	**(6)**

	12/31/2020	
	Collateral obtained by taking possession	
in millions of euros	Value at initial recognition	Accumulated negative changes
Property, plant and equipment (PP&E)	1	
Other than PP&E	45	(11)
Residential immovable property	19	(6)
Commercial Immovable property		
Other collateral	26	(6)
TOTAL	**46**	**(11)**

Loans and advances subject to legislative and non-legislative moratoriums

COVID1 – INFORMATION ON LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIUMS

The COVID 1 table is deleted as there are no longer any EBA moratoria as of December 31, 2021.

COVID2 – BREAKDOWN OF LOANS AND ADVANCES SUBJECT TO LEGISLATIVE AND NON-LEGISLATIVE MORATORIUMS BY RESIDUAL MATURITY OF THE MORATORIUM

	12/31/2021							
		Gross amount						
				Residual maturity of moratorium				
in millions of euros	Number of obligors		Of which: Expired terms	<= 3 months	< 3 months <= 6 months	< 6 months <= 9 months	< 9 months <= 12 months	> 1 year
Loans and advances for which a moratorium has been offered	**464,607**	**25,320**	**///**	**///**	**///**	**///**	**///**	**///**
Loans and advances subject to moratoriums (granted)	**464,607**	**25,320**	**25,320**	**0**	**0**	**0**	**0**	**0**
o/w: Households	///	2,354	2,354	0	0	0	0	0
o/w: Guaranteed by residential real estate assets	*///*	*1,249*	*1,249*	*0*	*0*	*0*	*0*	*0*
o/w: Non-financial corporations	///	22,966	22,966	0	0	0	0	0
o/w: SMEs	*///*	*14,300*	*14,300*	*0*	*0*	*0*	*0*	*0*
o/w: Guaranteed by commercial real estate assets	*///*	*5,779*	*5,779*	*0*	*0*	*0*	*0*	*0*

As of December 31, 2021, there are no longer any EBA moratoria.

	12/31/2020							
		Gross amount						
				Residual maturity of moratorium				
in millions of euros	Number of obligors		Of which: Expired terms	<= 3 months	< 3 months <= 6 months	< 6 months <= 9 months	< 9 months <= 12 months	> 1 year
Loans and advances for which a moratorium has been offered	**426,889**	**25,233**	**///**	**///**	**///**	**///**	**///**	**///**
Loans and advances subject to moratoriums (granted)	**426,889**	**25,233**	**21,404**	**2,670**	**219**	**57**	**854**	**29**
o/w: Households	///	1,982	1,821	120	25	6	6	6
o/w: Guaranteed by residential real estate assets	*///*	*893*	*809*	*58*	*16*	*3*	*3*	*3*
o/w: Non-financial corporations	///	22,006	18,400	2,508	176	50	849	23
o/w: SMEs	*///*	*13,991*	*11,974*	*1,845*	*127*	*19*	*21*	*6*
o/w: Guaranteed by commercial real estate assets	*///*	*1,696*	*1,363*	*307*	*18*	*4*	*2*	*1*

COVID3 – INFORMATION ON NEW LOANS AND ADVANCES PROVIDED UNDER PUBLIC GUARANTEE SCHEMES IN RESPONSE TO THE COVID-19 CRISIS

	12/31/2021			
	Gross amount		Maximum amount of the guarantee that can be considered	Gross amount
in millions of euros		o/w: subject to restructuring	Public guarantees received*	Incoming capital on non-performing exposures
New loans and advances provided under public guarantee schemes	**27,921**	**360**		
o/w: Households	788	///	///	
o/w: Guaranteed by residential real estate assets	*2*	*///*	*///*	
o/w: Non-financial corporations	27,133	360		
o/w: SMEs	*8,633*	*///*	*///*	
o/w: Guaranteed by commercial real estate assets	*21*	*///*	*///*	

* State-guaranteed loans in France with a guarantee of between 70% and 90%.

	12/31/2020			
	Gross amount		Maximum amount of the guarantee that can be considered	Gross amount
in millions of euros		o/w: subject to restructuring	Public guarantees received*	Incoming capital on non-performing exposures
New loans and advances provided under public guarantee schemes	**30,643**	**70**		
o/w: Households	859	///	///	
o/w: Guaranteed by residential real estate assets		*///*	*///*	
o/w: Non-financial corporations	29,552	70		
o/w: SMEs	*9,886*	*///*	*///*	
o/w: Guaranteed by commercial real estate assets	*5*	*///*	*///*	

* State-guaranteed loans in France with a guarantee of between 70% and 90%.

Standardized approach

EU CR4 – STANDARDIZED APPROACH – CREDIT RISK EXPOSURE AND MITIGATION EFFECTS

	12/31/2021					
	Exposures before CCF and before CRM		Exposures after CCF and post CRM		RWAs and RWAs density	
Exposure classes in millions of euros	On-balance sheet exposures	Off-balance sheet exposures	On-balance sheet exposures	Off-balance sheet exposures	RWAs	RWAs density (in %)
Central governments or central banks	90,752	2	105,887	36	6,444	6%
Regional governments or local authorities	44,607	4,749	53,384	1,930	11,044	20%
Public sector entities	19,304	3,123	17,163	1,345	4,155	22%
Multilateral development banks	231	-	349	1	-	0%
International organizations	633	-	633	-	-	0%
Institutions	6,877	1,707	7,905	1,368	1,315	14%
Corporate customers	85,165	31,468	72,151	14,873	70,766	81%
Retail	8,995	15,119	8,224	750	6,469	72%
Exposures secured by a real estate mortgage	59,484	1,805	51,902	893	21,136	40%
Exposures in default	4,271	409	3,150	272	3,944	115%
Exposures associated with particularly high risk	7,625	3,047	7,346	1,459	13,207	150%
Covered bonds	125	-	125	-	12	10%
Institutions and corporates with a short-term credit assessment	730	18	587	3	365	62%
Collective investment undertakings	2,182	1	2,182	1	4,216	193%
Equities	14	-	14	-	14	100%
Other items	7,368	-	7,368	-	6,522	89%
TOTAL	**338,361**	**61,448**	**338,370**	**22,931**	**149,609**	**41%**

	12/31/2020											
	Exposures before CCF and before CRM		Risk reduction techniques using a substitution approach	Risk mitigation techniques affecting the amount of exposure	Breakdown of off-balance sheet by risk conversion factor				Exposures after CCF and post CRM		RWAs and weight	
in millions of euros	balance sheet	Off-balance sheet			0%	20%	50%	100%	balance sheet	Off-balance sheet	RWAs	Density of RWAs
Central governments or central banks	96,854	57	17,009	-	-	-	197	3	113,720	102	5,950	5%
Regional governments or local authorities	46,693	5,454	8,589	-	-	2,608	3,162	44	54,922	2,147	11,783	21%
Public sector entities	18,185	3,880	(1,662)	(67)	3	1,862	1,784	260	16,427	1,525	4,035	22%
Multilateral development banks	217	-	142	-	-	-	2	-	358	1	-	0%
International organizations	1,317	-	-	-	-	-	-	-	1,317	-	-	0%
Institutions	10,046	2,267	1,439	(3)	2	157	1,084	1,063	11,445	1,636	1,075	8%
Secured bonds	184	-	-	-	-	-	-	-	184	-	46	25%
Corporate customers	80,146	30,395	(11,353)	(2,097)	74	7,937	17,082	4,433	67,565	14,562	66,778	81%
Retail	10,037	14,603	(395)	(454)	12,286	1,642	353	247	9,263	752	7,130	71%
Equity exposures	20	-	-	-	-	-	-	-	20	-	20	100%
Investments in units or shares of collective investment undertakings (CIU)	2,594	-	-	-	-	-	-	-	2,594	-	1,503	58%
Other exposures	7,397	-	-	-	-	-	-	-	7,397	-	6,309	85%
Exposures to institutions and corporates with a short-term credit assessment	323	30	(13)	(4)	-	21	7	-	309	8	211	67%
Exposures secured by a real estate mortgage	62,632	1,774	(9,287)	(6)	-	19	1,685	23	53,387	869	21,776	40%
High risk exposures	6,791	2,960	(264)	(98)	-	48	2,773	-	6,570	1,396	11,948	150%
Exposures in default	4,342	438	(1,079)	(23)	11	81	132	204	3,251	286	4,085	115%
TOTAL	**347,780**	**61,860**	**3,128**	**(2,751)**	**12,375**	**14,375**	**28,261**	**6,277**	**348,729**	**23,283**	**142,651**	**38%**

Pillar III 2020 publication – CRR1 format.

CR5 – STANDARDIZED APPROACH – EXPOSURES BY ASSET CLASS AND BY RISK WEIGHTING COEFFICIENT, AFTER APPLICATION OF CREDIT RISK MITIGATION TECHNIQUES

	12/31/2021															
in millions of euros	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**250%**	**370%**	**1,250%**	**Other**	**Total**
Central governments or central banks	102,517	-	-	-	507	-	179	-	-	351	22	2,348	-	-	-	105,923
Regional governments or local authorities	1,081	-	-	-	53,585	-	644	-	-	1	3	-	-	-	-	55,314
Public sector entities	10,140	-	-	-	4,337	-	1,709	-	-	2,086	232	-	-	-	5	18,508
Multilateral development banks	350	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350
International organizations	633	-	-	-	-	-	-	-	-	-	-	-	-	-	-	633
Institutions	3,306	2,341	-	-	2,818	-	211	-	-	596	1	-	-	-	-	9,273
Secured bonds	-	-	-	125	-	-	-	-	-	-	-	-	-	-	-	125
Corporate customers	19	-	-	-	7,680	434	15,716	278	-	59,226	3,671	-	-	-	-	87,023
Retail	-	-	-	-	-	-	-	-	8,975	-	-	-	-	-	-	8,975
Equity exposures	-	-	-	-	-	-	-	-	-	14	-	-	-	-	-	14
Units or shares in collective investment undertakings (CIU)	-	-	-	-	-	-	-	-	-	113	-	-	-	1	2,070	2,183
Other exposures	8	10	-	22	17	-	18	-	-	5,610	-	-	-	-	1,682	7,368
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	127	-	255	-	-	172	36	-	-	-	-	590
Exposures secured by a real estate mortgage	-	-	-	-	-	33,172	17,305	-	1,708	539	-	-	-	-	70	52,795
High risk exposures	-	-	-	-	-	-	-	-	-	-	8,805	-	-	-	-	8,805
Exposures in default	-	-	-	-	-	-	-	-	-	2,368	1,055	-	-	-	-	3,423
TOTAL	**118,054**	**2,351**	**-**	**146**	**69,071**	**33,606**	**36,037**	**278**	**10,683**	**71,076**	**13,824**	**2,348**	**-**	**1**	**3,826**	**361,301**

	12/31/2020															
in millions of euros	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**250%**	**370%**	**1,250%**	**Other**	**Total**
Central governments or central banks	110,710	-	-	-	527	-	123	-	-	245	2	2,214	-	-	-	113,822
Regional governments or local authorities	1,182	-	-	-	53,872	-	2,013	-	-	1	-	-	-	-	-	57,069
Public sector entities	9,932	-	-	-	3,975	-	1,760	-	-	2,117	162	-	-	-	5	17,951
Multilateral development banks	359	-	-	-	-	-	-	-	-	-	-	-	-	-	-	359
International organizations	1,317	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,317
Institutions	8,705	1,228	-	-	2,469	-	238	-	-	440	-	-	-	-	-	13,081
Secured bonds	-	-	-	153	-	-	-	-	-	31	-	-	-	-	-	184
Corporate customers	129	-	-	-	7,784	396	14,674	154	-	55,814	3,176	-	-	-	-	82,127
Retail	-	-	-	-	-	-	-	-	10,015	-	-	-	-	-	-	10,015
Equity exposures	-	-	-	-	-	-	-	-	-	20	-	-	-	-	-	20
Units or shares in collective investment undertakings (CIU)	-	-	-	-	304	-	-	-	-	14	23	-	-	-	2,253	2,594
Other exposures	38	4	-	14	42	-	19	-	-	5,505	-	-	-	-	1,775	7,397
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	68	-	127	-	-	89	32	-	-	-	-	317
Exposures secured by a real estate mortgage	-	-	-	-	-	36,792	14,718	-	2,168	497	-	-	-	-	81	54,257
High risk exposures	-	-	-	-	-	-	-	-	-	-	7,965	-	-	-	-	7,965
Exposures in default	-	-	-	-	-	-	-	-	-	2,440	1,097	-	-	-	-	3,537
TOTAL	**132,372**	**1,233**	**-**	**168**	**69,042**	**37,188**	**33,672**	**154**	**12,182**	**67,214**	**12,457**	**2,214**	**-**	**-**	**4,115**	**372,011**

Internal models approach

EU CR6 – IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE

	12/31/2021												
A-IRB *in millions of euros*	**PD range**	**On-balance sheet expo-sures**	**Off-balance sheet expo-sures before CCF**	**Weighted average CCF**	**Exposure post CCF and post CRM**	**Weighted average PD%**	**Number of obligors**	**Weighted average LGD (in %)**	**Weighted average maturity** *(in years)*	**Risk-weighted exposure amount after supple-mentary factors**	**RWA density** *(in %)*	**Expected loss amount**	**Value adjus-tments and provi-sions**
CENTRAL GOVERNMENTS AND CENTRAL BANKS	0.00 to < 0.15	53,221	1,144	100%	54,449	0.00%	85	8.82%	-	74	0.14%	-	-
	0.00 to < 0.10	53,221	1,144	100%	54,449	0.00%	85	8.82%	-	74	0.14%	-	-
	0.10 to < 0.15	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	0.15 to < 0.25	81	-	0%	141	0.07%	4	18.04%	2	10	7.06%	-	-
	0.25 to < 0.50	-	197	100%	339	0.01%	2	11.97%	4	11	3.23%	-	-
	0.50 to <0.75	-	-	0%	384	0.01%	-	8.65%	4	6	1.48%	-	-
	0.75 to <2.50	-	-	0%	1,868	0.01%	-	8.76%	2	21	1.11%	-	-
	0.75 to <1.75	-	-	0%	797	0.00%	-	7.22%	2	-	0.00%	-	-
	1.75 to <2.5	-	-	0%	1,071	0.02%	-	9.91%	3	21	1.93%	-	-
	2.50 to <10.00	279	168	100%	1,144	0.12%	11	10.93%	3	84	7.38%	1	(1)
	2.5 to <5	279	168	100%	698	0.20%	11	10.28%	3	72	10.27%	1	(1)
	5 to <10	-	-	0%	446	0.00%	-	11.94%	4	13	2.84%	-	-
	10.00 to <100.00	45	4	100%	72	2.80%	12	16.63%	4	27	37.87%	1	(2)
	10 to <20	-	-	0%	19	0.00%	-	7.10%	3	-	0.00%	-	-
	20 to <30	45	4	100%	49	4.12%	12	21.13%	4	27	55.75%	1	(2)
	30.00 to <100.00	-	-	0%	4	0.00%	-	7.10%	3	-	0.00%	-	-
	100.00 (default)	66	-	0%	155	32.62%	7	43.83%	3	5	3.15%	51	(51)
Central governments and central banks sub-total		**53,723**	**1,513**	**100%**	**58,551**	**0.33%**	**121**	**9.00%**	**-**	**237**	**0.41%**	**53**	**(55)**
INSTITUTIONS	0.00 to < 0.15	4,975	1,086	69%	5,592	0.04%	335	31.29%	1	625	11.18%	1	-
	0.00 to < 0.10	4,975	1,086	69%	5,592	0.04%	335	31.29%	1	625	11.18%	1	-
	0.10 to < 0.15	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	0.15 to < 0.25	140	28	0%	183	0.16%	43	30.46%	1	53	29.12%	-	-
	0.25 to < 0.50	149	165	37%	260	0.30%	54	47.63%	1	147	56.72%	-	-
	0.50 to <0.75	82	285	0%	386	0.24%	31	31.15%	2	179	46.40%	1	-
	0.75 to <2.50	19	666	0%	676	0.44%	58	34.74%	1	244	36.06%	1	(1)
	0.75 to <1.75	5	61	0%	385	0.12%	33	35.17%	1	82	21.26%	-	-
	1.75 to <2.5	14	605	0%	292	0.87%	25	34.18%	2	162	55.60%	1	(1)
	2.50 to <10.00	30	262	0%	327	0.92%	68	38.44%	2	300	91.78%	3	(3)
	2.5 to <5	25	224	0%	291	0.78%	57	40.27%	2	246	84.49%	2	(2)
	5 to <10	5	38	0%	36	2.03%	11	23.73%	2	54	150.23%	1	(1)
	10.00 to <100.00	-	-	0%	8	0.28%	1	43.40%	1	2	30.13%	-	-
	10 to <20	-	-	0%	8	0.28%	1	43.40%	1	2	30.13%	-	-
	20 to <30	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	30.00 to <100.00	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	100.00 (default)	18	-	0%	48	37.89%	5	8.71%	1	4	7.34%	18	(18)
Institutions sub-total		**5,414**	**2,492**	**34%**	**7,480**	**2.83%**	**595**	**32.32%**	**1**	**1,555**	**20.79%**	**24**	**(22)**

A-IRB *in millions of euros*	**PD range**	**On-balance sheet expo-sures**	**Off-balance sheet expo-sures before CCF**	**Weighted average CCF**	**Exposure post CCF and post CRM**	**Weighted average PD%**	**Number of obligors**	**Weighted average LGD (in %)**	**Weighted average maturity (in *years*)**	**Risk-weighted exposure amount after supple-mentary factors**	**RWA density *(in %)***	**Expected loss amount**	**Value adjus-tments and provi-sions**
	12/31/2021												
CORPORATES – SME	0.00 to < 0.15	90	36	14%	105	0.06%	135	23.99%	3	13	11.97%	-	-
	0.00 to < 0.10	88	36	14%	102	0.06%	117	24.07%	3	12	11.84%	-	-
	0.10 to < 0.15	2	-	0%	2	0.15%	18	20.58%	3	-	17.98%	-	-
	0.15 to < 0.25	104	13	68%	110	0.19%	393	18.20%	3	19	17.38%	-	-
	0.25 to < 0.50	82	34	100%	116	0.38%	214	32.67%	2	39	33.38%	-	-
	0.50 to <0.75	867	196	105%	1,033	0.60%	4,677	22.90%	2	328	31.72%	1	(1)
	0.75 to <2.50	1,693	243	122%	1,829	1.40%	6,206	23.54%	3	879	48.04%	6	(5)
	0.75 to <1.75	1,614	238	122%	1,752	1.36%	6,062	23.53%	3	827	47.20%	5	(5)
	1.75 to <2.5	79	5	106%	77	2.19%	144	23.78%	4	52	67.08%	-	-
	2.50 to <10.00	1,701	203	112%	1,766	3.95%	7,428	20.75%	3	1,004	56.86%	14	(12)
	2.5 to <5	1,405	185	113%	1,467	3.39%	5,835	21.25%	3	822	56.00%	10	(9)
	5 to <10	295	19	100%	299	6.66%	1,593	18.30%	3	183	61.08%	4	(3)
	10.00 to <100.00	324	70	130%	371	14.17%	2,396	21.65%	3	370	99.87%	11	(5)
	10 to <20	296	68	133%	342	12.29%	2,217	21.81%	3	342	99.82%	9	(4)
	20 to <30	7	1	100%	8	23.46%	61	17.47%	3	7	87.13%	-	-
	30.00 to <100.00	21	1	9%	21	41.23%	118	20.53%	3	22	105.35%	2	(1)
	100.00 (default)	200	3	34%	197	100.00%	984	16.68%	4	195	98.90%	72	(63)
Corporates – SME sub-total		**5,061**	**800**	**109%**	**5,527**	**8.34%**	**22,433**	**22.25%**	**3**	**2,846**	**51.50%**	**105**	**(86)**
CORPORATES – SPECIALIZED FINANCING	0.00 to < 0.15	1,120	653	102%	1,679	0.06%	69	10.91%	4	132	7.87%	-	-
	0.00 to < 0.10	1,120	653	102%	1,679	0.06%	69	10.91%	4	132	7.87%	-	-
	0.10 to < 0.15	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	0.15 to < 0.25	930	858	49%	1,471	0.16%	88	8.01%	4	131	8.94%	-	-
	0.25 to < 0.50	1,844	1,758	69%	2,606	0.30%	146	11.26%	3	444	17.02%	1	(1)
	0.50 to <0.75	3,395	2,798	50%	3,996	0.52%	333	11.89%	3	845	21.15%	2	(2)
	0.75 to <2.50	6,883	4,513	41%	7,660	1.26%	489	14.17%	3	2,763	36.07%	14	(34)
	0.75 to <1.75	4,597	3,888	43%	5,678	1.01%	362	13.51%	3	1,780	31.34%	8	(15)
	1.75 to <2.5	2,286	626	31%	1,981	2.00%	127	16.07%	4	983	49.64%	6	(20)
	2.50 to <10.00	1,652	506	21%	1,373	4.04%	148	15.06%	3	669	48.74%	8	(37)
	2.5 to <5	1,055	352	18%	829	2.94%	97	16.54%	3	404	48.75%	4	(15)
	5 to <10	597	154	27%	544	5.71%	51	12.81%	3	265	48.72%	4	(22)
	10.00 to <100.00	1	-	0%	1	13.54%	3	41.74%	2	3	208.13%	-	-
	10 to <20	1	-	0%	1	13.54%	3	41.74%	2	3	208.13%	-	-
	20 to <30	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	30.00 to <100.00	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	100.00 (default)	845	10	12%	696	100.00%	40	52.76%	2	333	47.79%	105	(104)
Corporates – Specialized financing sub-total		**16,671**	**11,097**	**55%**	**19,482**	**12.06%**	**1,316**	**14.01%**	**3**	**5,320**	**27.31%**	**131**	**(179)**

A-IRB *in millions of euros*	PD range	On-balance sheet expo-sures	Off-balance sheet expo-sures before CCF	Weighted average CCF	Exposure post CCF and post CRM	Weighted average PD%	Number of obligors	Weighted average LGD (in %)	Weighted average maturity (in years)	Risk-weighted exposure amount after supple-mentary factors	RWA density (in %)	Expected loss amount	Value adjus-tments and provi-sions
	12/31/2021												
CORPORATES – OTHER	0.00 to < 0.15	11,702	20,574	104%	23,750	0.05%	669	36.85%	2	3,719	15.66%	5	(6)
	0.00 to < 0.10	11,641	20,493	104%	23,643	0.05%	631	36.88%	2	3,696	15.63%	5	(6)
	0.10 to < 0.15	61	82	100%	106	0.13%	38	30.01%	2	23	21.89%	-	-
	0.15 to < 0.25	4,823	8,823	89%	9,740	0.14%	440	29.27%	3	2,343	24.06%	4	(2)
	0.25 to < 0.50	5,935	8,712	84%	10,423	0.25%	413	36.29%	3	3,569	34.24%	9	(5)
	0.50 to <0.75	5,526	9,857	63%	10,477	0.47%	1,280	31.58%	2	4,652	44.40%	16	(6)
	0.75 to <2.50	9,584	9,596	56%	13,539	1.14%	2,794	32.07%	2	8,316	61.42%	50	(48)
	0.75 to <1.75	6,991	7,697	53%	10,521	0.97%	2,559	31.55%	2	6,127	58.23%	32	(27)
	1.75 to <2.5	2,593	1,899	68%	3,019	1.73%	235	33.90%	2	2,190	72.54%	18	(21)
	2.50 to <10.00	4,938	4,920	49%	7,292	3.70%	5,834	29.85%	3	6,347	87.05%	81	(92)
	2.5 to <5	3,351	3,805	36%	5,349	2.99%	5,008	29.93%	3	4,329	80.92%	48	(56)
	5 to <10	1,587	1,114	91%	1,943	5.65%	826	29.64%	3	2,018	103.91%	33	(36)
	10.00 to <100.00	442	278	83%	574	13.10%	1,394	26.80%	2	651	113.50%	19	(9)
	10 to <20	369	270	84%	501	10.62%	1,282	27.80%	2	568	113.38%	14	(6)
	20 to <30	23	3	100%	25	24.38%	35	28.96%	2	42	163.81%	2	-
	30.00 to <100.00	51	5	23%	48	33.10%	77	15.13%	4	42	87.98%	2	(2)
	100.00 (default)	2,421	713	66%	2,809	95.08%	542	41.16%	3	2,920	103.94%	1,330	(1,326)
Corporates – Other sub-total		**45,370**	**63,473**	**82%**	**78,604**	**16.54%**	**13,366**	**33.74%**	**2**	**32,519**	**41.37%**	**1,512**	**(1,494)**
RETAIL – SME REAL ESTATE	0.00 to < 0.15	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	0.00 to < 0.10	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	0.10 to < 0.15	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	0.15 to < 0.25	8,253	281	100%	8,576	0.24%	50,816	17.90%	5	632	7.37%	4	(4)
	0.25 to < 0.50	7,518	227	98%	7,689	0.35%	51,555	14.14%	5	581	7.56%	4	(5)
	0.50 to <0.75	1,837	36	83%	1,866	0.53%	15,474	16.63%	5	210	11.26%	2	(2)
	0.75 to <2.50	22,003	847	86%	22,793	1.38%	119,687	19.75%	5	5,894	25.86%	64	(87)
	0.75 to <1.75	16,633	503	86%	17,099	1.12%	92,333	19.18%	5	3,764	22.01%	37	(44)
	1.75 to <2.5	5,370	344	87%	5,693	2.15%	27,354	21.45%	5	2,131	37.42%	26	(43)
	2.50 to <10.00	12,211	634	94%	12,819	5.13%	71,516	17.99%	5	6,662	51.97%	120	(218)
	2.5 to <5	6,793	304	96%	7,083	3.66%	40,999	16.54%	5	2,927	41.32%	42	(73)
	5 to <10	5,418	330	93%	5,735	6.94%	30,517	19.78%	5	3,735	65.12%	78	(145)
	10.00 to <100.00	4,452	301	97%	4,752	23.12%	25,945	20.52%	5	4,577	96.33%	225	(464)
	10 to <20	2,111	138	96%	2,246	14.69%	12,023	19.43%	5	1,954	86.99%	63	(167)
	20 to <30	1,716	116	97%	1,834	23.91%	10,148	21.78%	5	2,045	111.55%	93	(182)
	30.00 to <100.00	625	46	97%	672	49.18%	3,774	20.71%	5	578	86.03%	69	(115)
	100.00 (default)	1,279	6	0%	1,279	100.00%	10,510	52.74%	4	451	35.23%	641	(475)
Retail – SME Real estate sub-total		**57,553**	**2,332**	**92%**	**59,774**	**20.01%**	**345,503**	**19.05%**	**5**	**19,007**	**31.80%**	**1,059**	**(1,254)**

A-IRB *in millions of euros*	PD range	On-balance sheet expo-sures	Off-balance sheet expo-sures before CCF	Weighted average CCF	Exposure post CCF and post CRM	Weighted average PD%	Number of obligors	Weighted average LGD (in %)	Weighted average maturity *(in years)*	Risk-weighted exposure amount after supple-mentary factors	RWA density *(in %)*	Expected loss amount	Value adjus-tments and provi-sions
	12/31/2021												
RETAIL – NON-SME REAL ESTATE	0.00 to < 0.15	118,042	4,818	100%	122,458	0.09%	123,574	10.19%	-	2,819	2.30%	11	(5)
	0.00 to < 0.10	59,250	2,581	100%	61,492	0.06%	65,240	10.07%	-	1,000	1.63%	3	(2)
	0.10 to < 0.15	58,792	2,238	100%	60,966	0.12%	58,334	10.30%	-	1,818	2.98%	8	(4)
	0.15 to < 0.25	48,569	1,990	100%	50,602	0.24%	47,326	11.41%	-	2,811	5.56%	14	(5)
	0.25 to < 0.50	23,996	899	100%	24,732	0.25%	23,886	9.17%	-	1,138	4.60%	6	(4)
	0.50 to <0.75	31,132	1,601	100%	32,701	0.63%	63,327	10.88%	-	3,447	10.54%	22	(11)
	0.75 to <2.50	22,054	2,159	100%	24,145	1.75%	56,468	10.44%	-	4,697	19.45%	43	(27)
	0.75 to <1.75	14,980	1,296	100%	16,208	1.43%	40,497	10.86%	-	2,935	18.11%	25	(13)
	1.75 to <2.5	7,073	864	100%	7,937	2.41%	15,971	9.58%	-	1,762	22.20%	18	(14)
	2.50 to <10.00	13,341	1,898	100%	15,057	4.01%	50,997	11.61%	-	5,276	35.04%	70	(80)
	2.5 to <5	10,402	1,433	100%	11,712	3.30%	34,624	11.47%	-	3,668	31.32%	44	(38)
	5 to <10	2,939	465	100%	3,345	6.49%	16,373	12.09%	-	1,608	48.06%	26	(42)
	10.00 to <100.00	6,207	282	100%	6,474	19.91%	39,201	12.34%	-	4,336	66.98%	165	(194)
	10 to <20	3,792	213	100%	3,991	12.46%	22,104	11.91%	-	2,486	62.30%	60	(99)
	20 to <30	1,878	43	101%	1,922	23.50%	11,531	12.85%	-	1,510	78.57%	58	(44)
	30.00 to <100.00	536	26	102%	561	60.65%	5,566	13.64%	-	340	60.60%	47	(51)
	100.00 (default)	2,118	11	10%	2,119	100.00%	28,241	43.75%	-	782	36.91%	865	(573)
Retail – SME Real estate sub-total		**265,459**	**13,658**	**100%**	**278,290**	**19.91%**	**433,020**	**10.81%**	**-**	**25,307**	**9.09%**	**1,196**	**(900)**
RETAIL – ELIGIBLE REVOLVING EXPOSURES	0.00 to < 0.15	1,300	6,569	41%	4,614	0.07%	3,052,809	21.28%	-	88	1.90%	1	(1)
	0.00 to < 0.10	692	2,978	44%	2,420	0.05%	1,407,477	22.52%	-	31	1.27%	-	-
	0.10 to < 0.15	608	3,591	38%	2,194	0.09%	1,645,332	19.92%	-	57	2.60%	1	(1)
	0.15 to < 0.25	384	845	23%	764	0.24%	9,379	33.48%	-	34	4.39%	1	-
	0.25 to < 0.50	350	1,090	58%	1,020	0.20%	274,468	16.40%	-	46	4.46%	1	(2)
	0.50 to <0.75	1,022	1,606	49%	1,882	0.54%	270,314	23.85%	-	166	8.84%	4	(1)
	0.75 to <2.50	642	889	49%	1,115	1.32%	285,959	17.92%	-	215	19.32%	6	(5)
	0.75 to <1.75	382	518	41%	642	1.09%	148,672	20.31%	-	111	17.21%	3	(2)
	1.75 to <2.5	260	370	60%	473	1.64%	137,287	14.67%	-	105	22.19%	3	(3)
	2.50 to <10.00	733	801	25%	979	2.11%	444,395	15.95%	-	511	52.18%	20	(11)
	2.5 to <5	366	387	32%	525	2.66%	90,378	22.83%	-	189	35.93%	7	(4)
	5 to <10	368	413	19%	454	1.48%	354,017	8.00%	-	322	70.95%	14	(7)
	10.00 to <100.00	379	273	37%	498	14.81%	137,610	19.61%	-	414	83.29%	35	(23)
	10 to <20	203	166	41%	282	8.96%	70,526	19.76%	-	197	69.64%	11	(8)
	20 to <30	110	70	37%	141	19.63%	30,647	23.08%	-	130	91.92%	10	(4)
	30.00 to <100.00	66	37	20%	74	27.93%	36,437	12.37%	-	88	118.88%	14	(11)
	100.00 (default)	346	9	0%	346	44.10%	194,062	20.45%	-	67	19.23%	196	(211)
Retail – eligible revolving exposures sub-total		**5,157**	**12,081**	**47%**	**11,217**	**9.28%**	**4,668,996**	**21.20%**	**-**	**1,540**	**13.73%**	**264**	**(254)**

	12/31/2021													
A-IRB *in millions of euros*	**PD range**	**On-balance sheet expo-sures**	**Off-balance sheet expo-sures before CCF**	**Weighted average CCF**	**Exposure post CCF and post CRM**	**Weighted average PD%**	**Number of obligors**	**Weighted average LGD (in %)**	**Weighted average maturity (in** *years)*	**Risk-weighted exposure amount after supple-mentary factors**	**RWA density** *(in %)*	**Expected loss amount**	**Value adjus-tments and provi-sions**
RETAIL – OTHER SMES	0.00 to < 0.15	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	0.00 to < 0.10	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	0.10 to < 0.15	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	0.15 to < 0.25	1,641	164	100%	1,768	0.23%	123,660	32.25%	4	241	13.61%	1	(2)
	0.25 to < 0.50	8,091	1,124	84%	8,844	0.39%	350,773	16.97%	4	802	9.07%	6	(8)
	0.50 to <0.75	846	75	88%	898	0.56%	158,397	22.08%	4	128	14.20%	1	(1)
	0.75 to <2.50	14,582	1,734	99%	15,924	1.45%	695,487	21.86%	4	3,398	21.34%	52	(82)
	0.75 to <1.75	9,902	1,098	91%	10,704	1.13%	505,282	20.53%	4	1,983	18.53%	25	(32)
	1.75 to <2.5	4,680	636	114%	5,220	2.12%	190,205	24.59%	4	1,414	27.10%	27	(50)
	2.50 to <10.00	9,067	1,363	97%	10,126	5.08%	406,040	23.28%	4	3,018	29.81%	119	(183)
	2.5 to <5	4,909	650	97%	5,399	3.43%	254,757	23.42%	4	1,568	29.04%	44	(67)
	5 to <10	4,158	712	97%	4,728	6.96%	151,283	23.12%	4	1,451	30.68%	75	(116)
	10.00 to <100.00	4,342	505	89%	4,719	22.96%	200,343	22.81%	3	2,122	44.96%	245	(326)
	10 to <20	2,209	320	87%	2,456	15.59%	77,533	22.45%	4	955	38.87%	85	(135)
	20 to <30	1,573	122	100%	1,659	25.34%	94,132	24.01%	3	895	53.92%	100	(94)
	30.00 to <100.00	560	63	82%	604	46.44%	28,678	20.99%	4	272	45.09%	60	(97)
	100.00 (default)	2,974	176	10%	3,006	100.00%	92,421	58.37%	3	968	32.21%	1,679	(1,723)
Retail – Other SMEs sub-total		**41,543**	**5,141**	**91%**	**45,285**	**14.67%**	**2,027,121**	**24.15%**	**4**	**10,676**	**23.58%**	**2,103**	**(2,324)**
RETAIL – OTHER NON-SMES	0.00 to < 0.15	28,065	1,223	102%	29,061	0.09%	76,415	18.44%	-	1,292	4.45%	5	(25)
	0.00 to < 0.10	13,234	665	96%	13,760	0.05%	36,700	17.13%	-	392	2.85%	1	(6)
	0.10 to < 0.15	14,831	559	110%	15,301	0.12%	39,715	19.61%	-	901	5.89%	4	(18)
	0.15 to < 0.25	6,352	169	100%	6,506	0.24%	17,450	28.28%	-	893	13.72%	4	(16)
	0.25 to < 0.50	9,015	422	120%	9,355	0.25%	24,556	14.69%	-	685	7.32%	3	(6)
	0.50 to <0.75	11,181	458	110%	11,568	0.65%	43,111	22.10%	-	2,219	19.18%	16	(25)
	0.75 to <2.50	8,810	532	108%	9,285	1.74%	1,233,647	19.40%	-	2,655	28.60%	36	(32)
	0.75 to <1.75	5,061	238	104%	5,272	1.35%	501,837	22.21%	-	1,613	30.60%	18	(18)
	1.75 to <2.5	3,749	294	111%	4,013	2.27%	731,810	15.72%	-	1,042	25.96%	18	(14)
	2.50 to <10.00	5,217	247	106%	5,438	3.98%	52,361	30.14%	-	2,522	46.37%	66	(59)
	2.5 to <5	4,201	217	107%	4,396	3.44%	35,024	29.27%	-	1,928	43.86%	42	(35)
	5 to <10	1,016	29	100%	1,042	6.27%	17,337	33.82%	-	593	56.96%	24	(24)
	10.00 to <100.00	2,846	134	109%	2,966	18.46%	137,845	26.51%	-	1,733	58.43%	155	(161)
	10 to <20	1,806	111	110%	1,907	11.78%	36,435	26.37%	-	991	51.98%	64	(70)
	20 to <30	800	14	100%	811	23.38%	19,041	28.34%	-	579	71.34%	54	(55)
	30.00 to <100.00	240	8	109%	248	53.73%	82,369	21.56%	-	163	65.80%	37	(35)
	100.00 (default)	1,837	8	32%	1,839	94.23%	227,340	51.79%	-	753	40.94%	961	(1,006)
Retail – other non-SMEs sub-total		**73,323**	**3,192**	**107%**	**76,018**	**12.22%**	**1,812,725**	**21.45%**	**-**	**12,751**	**16.77%**	**1,246**	**(1,330)**
TOTAL		**569,275**	**115,780**	**79%**	**640,229**		**9,325,196**		**1**	**111,759**	**17.46%**	**7,693**	**(7,899)**

	12/31/2021												
F-IRB *in millions of euros*	PD range	On-balance sheet expo-sures	Off-balance sheet expo-sures before CCF	Weighted average CCF	Exposure post CCF and post CRM	Weighted average PD%	Number of obligors	Weighted average LGD *(in %)*	Weighted average maturity *(in years)*	Risk-weighted exposure amount after supple-mentary factors	RWA density *(in %)*	Expec-ted loss amount	Value adjus-tments and provi-sions
CENTRAL GOVERNMENTS AND CENTRAL BANKS	0.00 to < 0.15	168,066	40	100%	168,113	0.00%	170	45.00%	3	178	0.11%	-	-
	0.00 to < 0.10	168,013	36	100%	168,049	0.00%	151	45.00%	3	157	0.09%	-	-
	0.10 to < 0.15	53	5	100%	64	0.14%	19	42.37%	3	21	33.06%	-	-
	0.15 to < 0.25	22	-	0%	150	0.03%	3	44.99%	3	10	6.89%	-	-
	0.25 to < 0.50	727	-	0%	879	0.31%	6	44.99%	2	472	53.64%	1	(4)
	0.50 to <0.75	2	12	100%	1,729	0.00%	2	44.93%	3	8	0.47%	-	-
	0.75 to <2.50	-	-	0%	2,820	0.00%	-	44.97%	3	-	0.00%	-	-
	0.75 to <1.75	-	-	0%	2,692	0.00%	-	44.97%	3	-	0.00%	-	-
	1.75 to <2.5	-	-	0%	128	0.00%	-	45.00%	3	-	0.00%	-	-
	2.50 to <10.00	5	-	100%	2,689	0.01%	14	44.98%	3	7	0.26%	-	-
	2.5 to <5	5	-	100%	1,887	0.01%	14	44.98%	3	7	0.37%	-	-
	5 to <10	-	-	0%	802	0.00%	-	44.98%	3	-	0.00%	-	-
	10.00 to <100.00	-	-	0%	422	0.00%	-	44.98%	3	-	0.00%	-	-
	10 to <20	-	-	0%	341	0.00%	-	44.98%	3	-	0.00%	-	-
	20 to <30	-	-	0%	30	0.00%	-	44.97%	3	-	0.00%	-	-
	30.00 to <100.00	-	-	0%	51	0.00%	-	45.00%	3	-	0.00%	-	-
	100.00 (default)	-	-	0%	464	0.00%	1	44.96%	3	-	0.00%	-	(4)
Central governments and central banks sub-total		**168,822**	**52**	**100%**	**177,265**	**0.09%**	**196**	**45.00%**	**3**	**675**	**0.38%**	**2**	**(9)**
INSTITUTIONS	0.00 to < 0.15	1,528	232	96%	1,691	0.05%	163	23.64%	3	292	17.28%	-	-
	0.00 to < 0.10	1,494	232	96%	1,657	0.05%	161	24.12%	3	274	16.55%	-	-
	0.10 to < 0.15	34	-	0%	34	0.15%	2	0.00%	3	18	53.02%	-	-
	0.15 to < 0.25	113	2	100%	116	0.19%	16	36.15%	3	36	30.70%	-	-
	0.25 to < 0.50	98	110	100%	113	0.36%	16	7.94%	2	23	20.65%	-	-
	0.50 to <0.75	21	155	100%	172	0.47%	9	12.20%	3	81	47.14%	-	-
	0.75 to <2.50	55	24	100%	175	0.53%	32	27.12%	3	103	59.04%	-	(1)
	0.75 to <1.75	46	16	100%	160	0.42%	20	25.96%	3	85	53.00%	-	-
	1.75 to <2.5	8	8	100%	14	1.81%	12	40.09%	3	18	126.68%	-	-
	2.50 to <10.00	85	113	100%	253	2.16%	66	31.87%	3	221	87.54%	2	(5)
	2.5 to <5	78	111	100%	215	2.32%	63	36.06%	3	200	92.95%	2	(4)
	5 to <10	7	2	77%	38	1.24%	3	8.05%	3	21	56.78%	-	(1)
	10.00 to <100.00	-	-	0%	29	0.03%	-	3.33%	3	6	19.94%	-	-
	10 to <20	-	-	0%	20	0.03%	-	4.82%	3	4	19.63%	-	-
	20 to <30	-	-	0%	6	0.03%	-	0.00%	2	1	20.81%	-	-
	30.00 to <100.00	-	-	0%	3	0.03%	-	0.00%	3	1	20.23%	-	-
	100.00 (default)	2	-	100%	36	6.69%	5	6.58%	3	8	21.05%	2	(8)
Institutions sub-total		**1,903**	**636**	**98%**	**2,585**	**4.92%**	**307**	**23.32%**	**3**	**770**	**29.79%**	**5**	**(14)**

		12/31/2021											
A-IRB *in millions of euros*	**PD range**	**On-balance sheet expo-sures**	**Off-balance sheet expo-sures before CCF**	**Weighted average CCF**	**Exposure post CCF and post CRM**	**Weighted average PD%**	**Number of obligors**	**Weighted average LGD** *(in %)*	**Weighted average maturity** *(in years)*	**Risk-weighted exposure amount after supple-mentary factors**	**RWA density** *(in %)*	**Expec-ted loss amount**	**Value adjus-tments and provi-sions**
CORPORATES – SME	0.00 to < 0.15	312	202	99%	404	0.06%	166	43.81%	3	62	15.27%	-	-
	0.00 to < 0.10	240	180	99%	334	0.04%	124	44.13%	3	44	13.26%	-	-
	0.10 to < 0.15	72	21	100%	69	0.15%	42	42.24%	3	17	24.94%	-	-
	0.15 to < 0.25	587	337	94%	663	0.19%	1,766	42.88%	3	189	28.54%	1	(1)
	0.25 to < 0.50	620	137	98%	651	0.38%	895	42.99%	3	282	43.36%	1	(1)
	0.50 to <0.75	7,121	1,956	69%	6,129	0.61%	18,961	42.06%	3	2,957	48.25%	16	(27)
	0.75 to <2.50	12,220	2,457	76%	10,632	1.36%	27,261	42.15%	3	7,006	65.89%	61	(101)
	0.75 to <1.75	12,003	2,444	76%	10,433	1.35%	27,086	42.11%	3	6,825	65.42%	59	(100)
	1.75 to <2.5	217	13	100%	200	2.19%	175	44.07%	3	181	90.71%	2	(1)
	2.50 to <10.00	10,144	2,125	72%	8,923	4.20%	25,674	42.49%	3	8,049	90.20%	159	(232)
	2.5 to <5	7,279	1,487	71%	6,415	3.20%	17,151	42.43%	3	5,447	84.92%	87	(133)
	5 to <10	2,865	638	75%	2,509	6.75%	8,523	42.65%	3	2,602	103.71%	72	(99)
	10.00 to <100.00	1,487	318	67%	1,266	19.21%	5,217	41.90%	3	1,738	137.29%	102	(120)
	10 to <20	1,132	246	65%	960	12.80%	4,127	41.93%	3	1,270	132.26%	52	(67)
	20 to <30	121	19	76%	95	23.70%	397	43.32%	3	154	162.06%	10	(15)
	30.00 to <100.00	235	53	72%	211	46.33%	693	41.11%	3	315	149.03%	40	(39)
	100.00 (default)	1,490	256	48%	1,205	99.99%	4,137	43.12%	3	-	0.01%	519	(585)
Corporates – SME sub-total		**33,981**	**7,788**	**74%**	**29,873**	**8.94%**	**84,077**	**42.32%**	**3**	**20,284**	**67.90%**	**859**	**(1,067)**
CORPORATES – SPECIALIZED FINANCING	0.00 to < 0.15	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	0.00 to < 0.10	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	0.10 to < 0.15	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	0.15 to < 0.25	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	0.25 to < 0.50	-	-	0%	-	0,00%	-	0,00%	-	-	0,00%	-	-
	0.50 to <0.75	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	0.75 to <2.50	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	0.75 to <1.75	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	1.75 to <2.5	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	2.50 to <10.00	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	2.5 to <5	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	5 to <10	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	10.00 to <100.00	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	10 to <20	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	20 to <30	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	30.00 to <100.00	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
	100.00 (default)	-	-	0%	-	0.00%	-	0.00%	-	-	0.00%	-	-
Corporates – specialized financing sub-total		**-**	**-**	**0%**	**-**	**0.00%**	**-**	**0.00%**	**-**	**-**	**0.00%**	**-**	**-**

A-IRB *in millions of euros*	PD range	On-balance sheet expo-sures	Off-balance sheet expo-sures before CCF	Weighted average CCF	Exposure post CCF and post CRM	Weighted average PD%	Number of obligors	Weighted average LGD *(in %)*	Weighted average maturity *(in years)*	Risk-weighted exposure amount after supple-mentary factors	RWA density *(in %)*	Expec-ted loss amount	Value adjus-tments and provi-sions
	12/31/2021												
CORPORATES - OTHERS	0.00 to < 0.15	2,746	1,108	100%	3,399	0.07%	939	44.08%	3	840	24.72%	1	(1)
	0.00 to < 0.10	2,240	957	100%	2,919	0.06%	707	44.36%	3	660	22.61%	1	(1)
	0.10 to < 0.15	506	151	100%	480	0.14%	232	42.39%	3	180	37.57%	-	-
	0.15 to < 0.25	2,312	1,308	87%	2,866	0.20%	1,277	43.99%	3	1,279	44.64%	2	(2)
	0.25 to < 0.50	2,100	796	100%	2,481	0.34%	1,147	43.45%	3	1,476	59.49%	4	(4)
	0.50 to <0.75	3,913	1,352	89%	4,336	0.63%	5,354	42.95%	3	3,350	77.26%	12	(10)
	0.75 to <2.50	9,730	2,865	90%	10,670	1.47%	14,196	42.83%	3	11,133	104.34%	67	(80)
	0.75 to <1.75	8,659	2,477	90%	9,496	1.39%	13,746	42.65%	3	9,695	102.09%	56	(70)
	1.75 to <2.5	1,070	388	93%	1,174	2.18%	450	44.26%	3	1,438	122.47%	11	(9)
	2.50 to <10.00	6,721	1,923	84%	6,911	4.35%	11,764	43.02%	3	9,936	143.77%	129	(168)
	2.5 to <5	5,013	1,453	83%	5,233	3.45%	8,682	43.00%	3	7,064	135.01%	78	(99)
	5 to <10	1,708	470	87%	1,678	7.16%	3,082	43.07%	3	2,872	171.09%	52	(68)
	10.00 to <100.00	1,651	423	85%	1,732	14.37%	4,499	42.05%	3	3,558	205.47%	104	(100)
	10 to <20	1,464	396	87%	1,558	12.04%	3,929	42.00%	3	3,162	203.00%	78	(71)
	20 to <30	66	5	37%	59	22.74%	146	42.37%	3	144	242.56%	6	(12)
	30.00 to <100.00	121	21	63%	114	41.77%	424	42.57%	3	251	219.92%	20	(18)
	100.00 (default)	1,511	328	45%	1,445	99.59%	6,044	43.75%	3	5	0.36%	630	(944)
Corporates – Other sub-total		**30,684**	**10,102**	**90%**	**33,840**	**14.92%**	**45,220**	**43.15%**	**3**	**31,577**	**93.31%**	**950**	**(1,309)**
TOTAL		**235,390**	**18,579**	**110%**	**243,563**		**129,800**		**3**	**53,306**	**21.89%**	**1,815**	**(2,399)**

EU CR6-A – SCOPE OF THE USE OF IRB AND SA APPROACHES

in millions of euros	Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardized approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA *(in %)*	Percentage of total exposure value subject to a roll-out plan *(in %)*	Percentage of total exposure value subject to IRB Approach *(in %)*
	12/31/2021				
Central governments or central banks	233,937	397,672	9%	32%	59%
of which regional governments or local authorities		49,614	35%	65%	0%
of which Public sector entities		23,548	43%	56%	1%
Institutions	28,553	51,343	2%	43%	56%
Corporate customers	242,836	361,625	7%	26%	67%
of which Corporates – Specialized financing, excluding slotting approach		*54,648*	*0%*	*46%*	*54%*
of which Corporates – Specialized financing under slotting approach		*109*	*0%*	*47%*	*53%*
Retail	479,443	503,815	4%	1%	95%
of which Retail – Secured by real estate SMEs		*65,998*	*0%*	*9%*	*91%*
of which Retail – Secured by real estate non-SMEs		*359,439*	*0%*	*22%*	*78%*
of which Retail – Qualifying revolving		*27,629*	*0%*	*38%*	*62%*
of which Retail – Other SMEs		*76,518*	*0%*	*39%*	*61%*
of which Retail – Other non-SMEs		*406,668*	*0%*	*81%*	*19%*
Equities	12,087	12,101	0%	0%	100%
Other non-credit obligation assets	13,029	20,456	36%	0%	64%
TOTAL	**1,009,885**	**1,347,012**	**7%**	**18%**	**75%**

EU CR7 – IRB APPROACH – EFFECT ON RISK-WEIGHTED ASSETS OF CREDIT DERIVATIVES USED AS CREDIT RISK MITIGATION TECHNIQUES

	12/31/2021	
	Pre-credit derivatives RWAs	
in millions of euros	before credit derivatives	real
Exposures under foundation IRB approach	**53,504**	**53,504**
Central governments and central banks	677	677
Institutions	785	785
Corporate customers	52,041	52,041
of which Corporates – SME	*20,329*	*20,329*
of which Corporates – Specialized financing	*41*	*41*
Exposures under advanced IRB approach	**110,652**	**111,765**
Central governments and central banks	237	237
Institutions	1,561	1,561
Corporate customers	40,686	40,686
of which Corporates – SME	*2,846*	*2,846*
of which Corporates – Specialized financing	*5,320*	*5,320*
Retail	68,168	69,281
of which Retail – SME – Guaranteed by real estate collateral	*19,007*	*19,007*
of which Retail – non-SME – Guaranteed by real estate collateral	*25,307*	*25,307*
of which Retail – Qualifying revolving	*836*	*1,540*
of which Retail – SME – Other	*10,676*	*10,676*
of which Retail – non-SME – Other	*12,342*	*12,751*
TOTAL (INCLUDING SIMPLIFIED AND ADVANCED IRB EXPOSURE APPROACHES)	**164,156**	**165,268**

	12/31/2020	
	RWAs	
in millions of euros	before credit derivatives	real
IRBF exposures	**51,574**	**51,574**
Sovereign Borrowers	610	610
Banks	968	968
Corporates – SME	19,519	19,519
Specialized financing	21	21
Corporates – Other	30,457	30,457
IRBA exposures	**111,463**	**106,585**
Sovereign Borrowers	206	206
Banks	1,070	1,070
Corporates – SME	2,710	2,710
Specialized financing	4,585	4,585
Corporates – Other	38,837	33,959
Retail – SME residential real estate receivables	17,067	17,067
Retail – Residential real estate receivables excluding SMEs	22,920	22,920
Retail – eligible revolving retail exposures	1,578	1,578
Retail – SMEs	10,337	10,337
Retail – other exposures	12,152	12,152
Equities – IRB approach	**50,154**	**50,154**
Other assets	**10,564**	**10,564**
TOTAL	**223,755**	**218,877**

Pillar III 2020 publication – CRR1 format

EU CR7-A – IRB APPROACH – DISCLOSURE OF THE EXTENT OF THE USE OF CRM TECHNIQUES

	12/31/2021												
		Credit risk mitigation techniques											Credit risk Mitigation methods in the calculation RWAs
		Credit protection funded									Credit protection unfunded		
A-IRB *in millions of euros*	**Total exposures**	**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 Instru-ments held by a third party** *(in %)*	**Part of exposures covered by Guarantees** *(in %)*	**Part of exposures covered by Credit Derivatives** *(in %)*	**Risk-weighted assets with substi-tution effects (reduction and substi-tution effects)**
Central governments and central banks	58,551	0.00%	0.13%	0.00%	0.04%	0.10%	0.10%	0.10%	0.00%	0.00%	0.00%	0.00%	237
Institutions	7,492	0.00%	1.07%	0.00%	0.03%	1.03%	2.78%	2.78%	0.00%	0.00%	0.00%	0.00%	1,561
Corporate customers	103,613	2.54%	25.82%	9.99%	8.77%	7.05%	1.17%	1.17%	0.00%	0.00%	0.00%	0.00%	40,686
of which Corporates – SME	*5,527*	*0.00%*	*42.39%*	*17.42%*	*0.00%*	*24.97%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*2,846*
of which Corporates – Specialized financing	*19,482*	*0.00%*	*91.92%*	*36.30%*	*43.00%*	*12.62%*	*0.64%*	*0.64%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*5,320*
Of which Corporates – Other	78,604	3.35%	8.27%	2.95%	0.90%	4.41%	1.38%	1.38%	0.00%	0.00%	0.00%	0.00%	32,519
Retail	470,584	0.19%	14.96%	13.61%	0.02%	1.33%	0.29%	0.00%	0.00%	0.00%	50.79%	0.00%	69,281
Of which Retail – Immovable property SMEs	59,774	0.00%	46.18%	42.08%	0.00%	4.09%	0.00%	0.00%	0.00%	0.00%	40.25%	0.00%	19,007
Of which Retail – Immovable property non-SMEs	278,290	0.00%	14.01%	13.97%	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%	68.37%	0.00%	25,307
of which Retail – Qualifying revolving	*11,217*	*0.01%*	*0.89%*	*0.00%*	*0.00%*	*0.89%*	*0.01%*	*0.00%*	*0.00%*	*0.00%*	*0.03%*	*0.00%*	*1,540*
of which Retail – Other SMEs	*45,285*	*0.85%*	*6.36%*	*0.00%*	*0.05%*	*6.32%*	*1.11%*	*0.00%*	*0.00%*	*0.00%*	*36.33%*	*0.00%*	*10,676*
of which Retail – Other non-SMEs	*76,018*	*0.66%*	*1.11%*	*0.00%*	*0.12%*	*0.99%*	*1.14%*	*0.00%*	*0.00%*	*0.00%*	*10.82%*	*0.00%*	*12,751*
TOTAL	**640,241**	**0.55%**	**15.20%**	**11.62%**	**1.44%**	**2.14%**	**0.44%**	**0.23%**	**0.00%**	**0.00%**	**37.33%**	**0.00%**	**111,765**

F-IRB *in millions of euros*	12/31/2021											
		Credit risk mitigation techniques										Credit risk Mitigation methods in the calculation RWAs
		Credit protection funded								Credit protection unfunded		Risk-weighted assets with substitution effects (reduction and substitution effects)
	Total exposures	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	177,476	0.00%	0.04%	0.02%	0.00%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	677
Institutions	2,661	0.01%	3.71%	0.82%	0.05%	2.84%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	785
Corporate customers	64,052	0.75%	21.76%	13.40%	1.32%	7.04%	0.76%	0.76%	0.00%	0.00%	0.00%	0.00%	52,041
of which Corporates – SME	*29,947*	*0.93%*	*27.21%*	*15.95%*	*1.29%*	*9.98%*	*0.94%*	*0.94%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*20,329*
of which Corporates – Specialized financing	*53*	*0.00%*	*3.95%*	*0.00%*	*0.00%*	*3.95%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*41*
Of which Corporates – Other	*34,052*	*0.59%*	*16.99%*	*11.18%*	*1.36%*	*4.45%*	*0.60%*	*0.60%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*31,672*
TOTAL	**244,190**	**0.20%**	**5.78%**	**3.53%**	**0.35%**	**1.89%**	**0.20%**	**0.20%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**53,504**

EU CR8 – STATEMENT OF RISK -WEIGHTED FLOWS RELATING TO CREDIT RISK EXPOSURES UNDER THE IRB APPROACH

in millions of euros	RWAs
12/31/2020	**165,841**
Asset size (+/-)	4,010
Asset quality (+/-)	(1,452)
Model updates (+/-)	(470)
Methodology and policies (+/-)	-
Acquisitions and disposals (+/-)	-
Foreign exchange movements (+/-)	184
Other (+/-)	(2,845)
12/31/2021	**165,268**

EU CR9_IRB APPROACH – EX-POST CONTROL OF PD BY EXPOSURE CLASS (FIXED PD SCALE)

A-IRB Exposure classes *in millions of euros*	12/31/2021 PD range	Number of obligors at the end of the previous year	o/w number of obligors who defaulted during the year	Average observed default rate *(in %)*	Weighted average PD%	Average PD *(in %)*	Default rate annual historical Average *(in %)*
CENTRAL GOVERNMENTS AND CENTRAL BANKS	0.00 to < 0.15	56	-	0%	0%	0%	0%
	0.00 to < 0.10	56	-	0%	0%	0%	0%
	0.10 to < 0.15	-	-	0%	0%	0%	0%
	0.15 to < 0.25	3	-	0%	0%	0%	0%
	0.25 to < 0.50	2	-	0%	0%	0%	0%
	0.50 to <0.75	-	-	0%	0%	0%	0%
	0.75 to <2.50	-	-	0%	0%	0%	0%
	0.75 to <1.75	-	-	0%	0%	0%	0%
	1.75 to <2.5	-	-	0%	0%	0%	0%
	2.50 to <10.00	11	-	0%	0%	3%	0%
	2.5 to <5	11	-	0%	0%	3%	0%
	5 to <10	-	-	0%	0%	0%	0%
	10.00 to <100.00	6	-	0%	3%	24%	5%
	10 to <20	-	-	0%	0%	0%	0%
	20 to <30	6	-	0%	4%	24%	5%
	30.00 to <100.00	-	-	0%	0%	0%	0%
	100.00 (default)	7	-	0%	33%	100%	100%
INSTITUTIONS	0.00 to < 0.15	197	-	0%	0%	0%	0%
	0.00 to < 0.10	197	-	0%	0%	0%	0%
	0.10 to < 0.15	-	-	0%	0%	0%	0%
	0.15 to < 0.25	39	-	0%	0%	0%	0%
	0.25 to < 0.50	31	-	0%	0%	0%	0%
	0.50 to <0.75	28	-	0%	0%	1%	0%
	0.75 to <2.50	50	-	0%	0%	1%	0%
	0.75 to <1.75	33	-	0%	0%	1%	0%
	1.75 to <2.5	17	-	0%	1%	2%	1%
	2.50 to <10.00	95	-	0%	1%	3%	0%
	2.5 to <5	80	-	0%	1%	3%	0%
	5 to <10	15	-	0%	2%	5%	0%
	10.00 to <100.00	2	-	0%	0%	19%	0%
	10 to <20	2	-	0%	0%	19%	0%
	20 to <30	-	-	0%	0%	0%	0%
	30.00 to <100.00	-	-	0%	0%	0%	0%
	100.00 (default)	5	-	0%	38%	100%	100%

	12/31/2021						
		Number of obligors at the end of the previous year					
A-IRB Exposure classes *in millions of euros*	PD range		o/w number of obligors who defaulted during the year	Average observed default rate *(in %)*	Weighted average PD%	Average PD *(in %)*	Default rate annual historical Average *(in %)*
CORPORATES – SME	0.00 to < 0.15	35	1	3%	0%	0%	1%
	0.00 to < 0.10	35	1	3%	0%	0%	1%
	0.10 to < 0.15	-	-	0%	0%	0%	0%
	0.15 to < 0.25	182	-	0%	0%	0%	0%
	0.25 to < 0.50	90	-	0%	0%	0%	0%
	0.50 to <0.75	1,799	3	0%	1%	1%	0%
	0.75 to <2.50	2,742	32	1%	1%	2%	1%
	0.75 to <1.75	1,925	23	1%	1%	1%	1%
	1.75 to <2.5	817	9	1%	2%	2%	1%
	2.50 to <10.00	3,271	87	3%	4%	5%	3%
	2.5 to <5	2,641	48	2%	3%	4%	2%
	5 to <10	630	39	6%	7%	7%	6%
	10.00 to <100.00	834	36	4%	14%	15%	7%
	10 to <20	736	21	3%	12%	12%	6%
	20 to <30	53	8	15%	23%	23%	16%
	30.00 to <100.00	45	7	16%	41%	39%	20%
	100.00 (default)	534	-	0%	100%	100%	100%
CORPORATES – OTHER	0.00 to < 0.15	548	-	0%	0%	0%	0%
	0.00 to < 0.10	535	-	0%	0%	0%	0%
	0.10 to < 0.15	13	-	0%	0%	0%	1%
	0.15 to < 0.25	249	1	0%	0%	0%	1%
	0.25 to < 0.50	209	-	0%	0%	0%	0%
	0.50 to <0.75	554	4	1%	0%	1%	1%
	0.75 to <2.50	1,249	11	1%	1%	2%	1%
	0.75 to <1.75	817	5	1%	1%	1%	1%
	1.75 to <2.5	432	6	1%	2%	2%	2%
	2.50 to <10.00	2,905	47	2%	4%	4%	3%
	2.5 to <5	2,590	31	1%	3%	4%	2%
	5 to <10	315	16	5%	6%	7%	7%
	10.00 to <100.00	793	26	3%	13%	13%	3%
	10 to <20	742	17	2%	11%	12%	2%
	20 to <30	27	6	22%	24%	24%	15%
	30.00 to <100.00	24	3	13%	33%	41%	19%
	100.00 (default)	419	-	0%	95%	100%	100%

A-IRB Exposure classes *in millions of euros*	12/31/2021						
		Number of obligors at the end of the previous year					
	PD range		o/w number of obligors who defaulted during the year	Average observed default rate *(in %)*	Weighted average PD%	Average PD *(in %)*	Default rate annual historical Average *(in %)*
RETAIL – SME REAL ESTATE	0.00 to < 0.15	-	-	0%	0%	0%	0%
	0.00 to < 0.10	-	-	0%	0%	0%	0%
	0.10 to < 0.15	-	-	0%	0%	0%	0%
	0.15 to < 0.25	46,009	29	0%	0%	0%	0%
	0.25 to < 0.50	48,594	46	0%	0%	0%	0%
	0.50 to <0.75	14,645	39	0%	1%	1%	0%
	0.75 to <2.50	106,675	324	0%	1%	1%	0%
	0.75 to <1.75	83,600	215	0%	1%	1%	0%
	1.75 to <2.5	23,075	109	1%	2%	2%	1%
	2.50 to <10.00	61,705	666	1%	5%	5%	1%
	2.5 to <5	35,251	211	1%	4%	4%	1%
	5 to <10	26,454	455	2%	7%	7%	2%
	10.00 to <100.00	25,270	2,056	8%	23%	24%	8%
	10 to <20	11,808	507	4%	15%	15%	4%
	20 to <30	9,648	605	6%	24%	24%	7%
	30.00 to <100.00	3,814	944	25%	49%	52%	25%
	100.00 (default)	10,093	-	0%	100%	100%	100%

A-IRB Exposure classes *in millions of euros*	12/31/2021						
		Number of obligors at the end of the previous year					
	PD range		o/w number of obligors who defaulted during the year	Average observed default rate *(in %)*	Weighted average PD%	Average PD *(in %)*	Default rate annual historical Average *(in %)*
RETAIL – NON-SME REAL ESTATE	0.00 to < 0.15	1,373,390	368	0%	0%	0%	0%
	0.00 to < 0.10	826,324	143	0%	0%	0%	0%
	0.10 to < 0.15	558,523	228	0%	0%	0%	0%
	0.15 to < 0.25	496,728	295	0%	0%	0%	0%
	0.25 to < 0.50	191,848	278	0%	0%	0%	0%
	0.50 to <0.75	298,557	655	0%	1%	1%	0%
	0.75 to <2.50	172,291	1,151	1%	2%	2%	1%
	0.75 to <1.75	122,232	519	0%	1%	1%	1%
	1.75 to <2.5	51,259	640	1%	2%	2%	2%
	2.50 to <10.00	118,163	1,685	1%	4%	4%	2%
	2.5 to <5	90,662	1,130	1%	3%	3%	2%
	5 to <10	28,135	563	2%	6%	7%	3%
	10.00 to <100.00	58,108	5,581	10%	20%	23%	12%
	10 to <20	32,367	1,871	6%	12%	13%	8%
	20 to <30	19,150	1,421	7%	24%	24%	11%
	30.00 to <100.00	7,775	2,328	30%	61%	61%	40%
	100.00 (default)	25,975	-	0%	100%	100%	100%
RETAIL – ELIGIBLE REVOLVING EXPOSURES	0.00 to < 0.15	5,821,448	817	0%	0%	0%	0%
	0.00 to < 0.10	3,472,224	263	0%	0%	0%	0%
	0.10 to < 0.15	3,002,102	643	0%	0%	0%	0%
	0.15 to < 0.25	1,911,773	637	0%	0%	0%	0%
	0.25 to < 0.50	1,105,168	709	0%	0%	0%	0%
	0.50 to <0.75	4,823,257	4,614	0%	1%	1%	0%
	0.75 to <2.50	1,642,748	6,849	0%	1%	2%	1%
	0.75 to <1.75	1,151,713	3,065	0%	1%	1%	1%
	1.75 to <2.5	548,644	4,218	1%	2%	2%	1%
	2.50 to <10.00	1,090,230	11,260	1%	2%	4%	2%
	2.5 to <5	951,404	8,858	1%	3%	3%	2%
	5 to <10	229,973	4,358	2%	1%	7%	3%
	10.00 to <100.00	957,976	45,655	5%	15%	20%	8%
	10 to <20	515,802	17,994	4%	9%	12%	6%
	20 to <30	397,509	14,540	4%	20%	24%	6%
	30.00 to <100.00	76,142	16,006	21%	28%	61%	35%
	100.00 (default)	129,743	-	0%	44%	100%	100%

A-IRB Exposure classes *in millions of euros*	12/31/2021						
		Number of obligors at the end of the previous year					
	PD range		o/w number of obligors who defaulted during the year	Average observed default rate *(in %)*	Weighted average PD%	Average PD *(in %)*	Default rate annual historical Average *(in %)*
RETAIL – OTHER SMES	0.00 to < 0.15	2	-	0%	0%	0%	33%
	0.00 to < 0.10	2	-	0%	0%	0%	34%
	0.10 to < 0.15	-	-	0%	0%	0%	0%
	0.15 to < 0.25	117,432	63	0%	0%	0%	0%
	0.25 to < 0.50	303,707	554	0%	0%	0%	0%
	0.50 to <0.75	135,169	170	0%	1%	1%	0%
	0.75 to <2.50	603,645	3,408	1%	1%	1%	1%
	0.75 to <1.75	441,584	1,940	0%	1%	1%	1%
	1.75 to <2.5	162,061	1,468	1%	2%	2%	1%
	2.50 to <10.00	337,970	7,257	2%	5%	5%	3%
	2.5 to <5	207,698	2,578	1%	3%	4%	2%
	5 to <10	130,272	4,679	4%	7%	7%	4%
	10.00 to <100.00	173,459	17,681	10%	23%	25%	12%
	10 to <20	79,521	4,869	6%	16%	16%	7%
	20 to <30	66,320	5,290	8%	25%	25%	10%
	30.00 to <100.00	27,618	7,522	27%	46%	51%	31%
	100.00 (default)	91,312	-	0%	100%	100%	100%
RETAIL – OTHER NON-SMES	0.00 to < 0.15	2,147,092	823	0%	0%	0%	0%
	0.00 to < 0.10	1,030,103	165	0%	0%	0%	0%
	0.10 to < 0.15	1,116,989	658	0%	0%	0%	0%
	0.15 to < 0.25	569,418	477	0%	0%	0%	0%
	0.25 to < 0.50	352,343	509	0%	0%	0%	1%
	0.50 to <0.75	865,035	3,164	0%	1%	1%	1%
	0.75 to <2.50	542,064	5,536	1%	2%	2%	1%
	0.75 to <1.75	338,878	2,216	1%	1%	1%	1%
	1.75 to <2.5	203,186	3,320	2%	2%	2%	2%
	2.50 to <10.00	444,463	8,919	2%	4%	4%	2%
	2.5 to <5	356,290	6,027	2%	3%	3%	2%
	5 to <10	88,173	2,892	3%	6%	7%	4%
	10.00 to <100.00	255,766	33,245	13%	18%	19%	14%
	10 to <20	159,719	11,818	7%	12%	12%	8%
	20 to <30	76,000	13,307	18%	23%	24%	18%
	30.00 to <100.00	20,047	8,120	41%	54%	61%	48%
	100.00 (default)	153,781	-	0%	94%	100%	100%

F-IRB Exposure classes *in millions of euros*	12/31/2021 PD range	Number of obligors at the end of the previous year	o/w number of obligors who defaulted during the year	Average observed default rate *(in %)*	Weighted average PD%	Average PD *(in %)*	Default rate annual historical Average *(in %)*
CENTRAL GOVERNMENTS AND CENTRAL BANKS	0.00 to < 0.15	40	-	0%	0%	0%	0%
	0.00 to < 0.10	38	-	0%	0%	0%	0%
	0.10 to < 0.15	2	-	0%	0%	0%	0%
	0.15 to < 0.25	1	-	0%	0%	0%	0%
	0.25 to < 0.50	5	-	0%	0%	0%	0%
	0.50 to <0.75	2	-	0%	0%	1%	0%
	0.75 to <2.50	2	-	0%	0%	1%	0%
	0.75 to <1.75	1	-	0%	0%	1%	0%
	1.75 to <2.5	1	-	0%	0%	2%	0%
	2.50 to <10.00	15	-	0%	0%	3%	0%
	2.5 to <5	15	-	0%	0%	3%	0%
	5 to <10	-	-	0%	0%	0%	0%
	10.00 to <100.00	-	-	0%	0%	0%	0%
	10 to <20	-	-	0%	0%	0%	0%
	20 to <30	-	-	0%	0%	0%	0%
	30.00 to <100.00	-	-	0%	0%	0%	0%
	100.00 (default)	-	-	0%	0%	0%	0%
INSTITUTIONS	0.00 to < 0.15	131	-	0%	0%	0%	0%
	0.00 to < 0.10	106	-	0%	0%	0%	0%
	0.10 to < 0.15	25	-	0%	0%	0%	0%
	0.15 to < 0.25	53	1	2%	0%	0%	1%
	0.25 to < 0.50	46	-	0%	0%	0%	1%
	0.50 to <0.75	39	-	0%	0%	1%	2%
	0.75 to <2.50	93	3	3%	1%	2%	2%
	0.75 to <1.75	41	1	2%	0%	1%	1%
	1.75 to <2.5	52	2	4%	2%	2%	2%
	2.50 to <10.00	33	-	0%	2%	4%	1%
	2.5 to <5	28	-	0%	2%	4%	1%
	5 to <10	5	-	0%	1%	6%	0%
	10.00 to <100.00	8	-	0%	0%	13%	0%
	10 to <20	8	-	0%	0%	13%	0%
	20 to <30	-	-	0%	0%	0%	0%
	30.00 to <100.00	-	-	0%	0%	0%	0%
	100.00 (default)	6	-	0%	7%	100%	100%

F-IRB **Exposure classes** *in millions of euros*	PD range	Number of obligors at the end of the previous year	o/w number of obligors who defaulted during the year	Average observed default rate *(in %)*	Weighted average PD%	Average PD *(in %)*	Default rate annual historical Average *(in %)*
	12/31/2021						
CORPORATES – SME	0.00 to < 0.15	158	-	0%	0%	0%	0%
	0.00 to < 0.10	127	-	0%	0%	0%	0%
	0.10 to < 0.15	31	-	0%	0%	0%	0%
	0.15 to < 0.25	1,693	-	0%	0%	0%	0%
	0.25 to < 0.50	760	2	0%	0%	0%	0%
	0.50 to <0.75	15,490	48	0%	1%	1%	0%
	0.75 to <2.50	21,711	139	1%	1%	2%	1%
	0.75 to <1.75	15,512	96	1%	1%	1%	1%
	1.75 to <2.5	6,199	43	1%	2%	2%	1%
	2.50 to <10.00	19,993	476	2%	4%	5%	3%
	2.5 to <5	13,964	243	2%	3%	4%	2%
	5 to <10	6,029	233	4%	7%	7%	4%
	10.00 to <100.00	4,588	350	8%	19%	18%	9%
	10 to <20	3,434	178	5%	13%	13%	7%
	20 to <30	646	90	14%	24%	24%	15%
	30.00 to <100.00	508	82	16%	46%	42%	20%
	100.00 (default)	2,490	-	0%	100%	100%	100%
CORPORATES – SPECIALIZED FINANCING	0.00 to < 0.15	-	-	0%	0%	0%	0%
	0.00 to < 0.10	-	-	0%	0%	0%	0%
	0.10 to < 0.15	-	-	0%	0%	0%	0%
	0.15 to < 0.25	-	-	0%	0%	0%	0%
	0.25 to < 0.50	-	-	0%	0%	0%	0%
	0.50 to <0.75	-	-	0%	0%	0%	0%
	0.75 to <2.50	-	-	0%	0%	0%	0%
	0.75 to <1.75	-	-	0%	0%	0%	0%
	1.75 to <2.5	-	-	0%	0%	0%	0%
	2.50 to <10.00	-	-	0%	0%	0%	0%
	2.5 to <5	-	-	0%	0%	0%	0%
	5 to <10	-	-	0%	0%	0%	0%
	10.00 to <100.00	-	-	0%	0%	0%	0%
	10 to <20	-	-	0%	0%	0%	0%
	20 to <30	538	3	1%	0%	0%	0%
	30.00 to <100.00	368	2	1%	0%	0%	0%
	100.00 (default)	170	1	1%	0%	0%	0%

F-IRB Exposure classes *in millions of euros*	12/31/2021 PD range	Number of obligors at the end of the previous year	o/w number of obligors who defaulted during the year	Average observed default rate *(in %)*	Weighted average PD%	Average PD *(in %)*	Default rate annual historical Average *(in %)*
CORPORATES – OTHER	0.00 to < 0.15	538	3	1%	0%	0%	0%
	0.00 to < 0.10	368	2	1%	0%	0%	0%
	0.10 to < 0.15	170	1	1%	0%	0%	0%
	0.15 to < 0.25	853	2	0%	0%	0%	0%
	0.25 to < 0.50	965	2	0%	0%	0%	0%
	0.50 to <0.75	4,894	15	0%	1%	1%	0%
	0.75 to <2.50	12,847	67	1%	1%	2%	1%
	0.75 to <1.75	4,696	25	1%	1%	1%	1%
	1.75 to <2.5	8,151	42	1%	2%	2%	1%
	2.50 to <10.00	9,284	195	2%	4%	5%	2%
	2.5 to <5	6,645	101	2%	3%	4%	2%
	5 to <10	2,639	94	4%	7%	8%	4%
	10.00 to <100.00	3,929	161	4%	14%	16%	5%
	10 to <20	3,283	70	2%	12%	13%	3%
	20 to <30	189	25	13%	23%	24%	15%
	30.00 to <100.00	457	66	14%	42%	40%	18%
	100.00 (default)	6,238	-	0%	100%	100%	100%

BPCE16 – AVERAGE PD AND LGD BROKEN DOWN BY GEOGRAPHICAL AREA

in millions of euros	12/31/2021 Performing exposures	Average PD	Average LGD
France	524,966	1.7%	15.4%
European Institutions	35,842	0.0%	8.6%
Europe excluding France	40,734	0.7%	27.1%
North & South America	45,598	0.6%	21.1%
Asia	13,314	0.3%	37.5%
Africa & the Middle East	9,119	0.7%	31.4%
Oceania	2,400	0.7%	30.4%
IRBA	**671,973**	**1.4%**	**16.5%**
France	108,992	1.6%	
European Institutions	132,944	0.0%	
Europe excluding France	7,916	0.8%	
North & South America	10,200	0.0%	
Asia	634	0.2%	
Africa & the Middle East	1,754	2.3%	
Oceania	66	0.0%	
IRBF	**262,505**	**0.6%**	
TOTAL	**934,478**		

in millions of euros	12/31/2020 Performing exposures	Average PD	Average LGD
France	491,066	1.7%	15.6%
European Institutions	14,062	0.0%	7.1%
Europe excluding France	37,473	0.7%	24.8%
North & South America	38,063	0.7%	17.7%
Asia	12,109	0.3%	33.7%
Africa & the Middle East	7,951	0.9%	29.9%
Oceania	1,349	0.7%	29.2%
IRBA	**602,072**	**1.5%**	**16.5%**
France	109,024	1.7%	
European Institutions	116,444	0.0%	
Europe excluding France	7,968	0.8%	
North & South America	10,588	0.1%	
Asia	718	0.2%	
Africa & the Middle East	1,506	2.5%	
Oceania	89	0.1%	
IRBF	**246,337**	**0.8%**	
TOTAL	**848,410**		

BPCE17 – EX-POST CONTROL OF LGD BY EXPOSURE CLASS

	12/31/2021					
Portfolio	**Actual default rate**	**Estimated probability of default**	**Estimated LGD**	**Actual LGD**	**Actual EAD/ Estimated EAD**	**Actual CCF/ Estimated CCF**
Sovereigns	0.19%	6.41%	48.74%	30.16%	N/A	62.73%
Banks	0.23%	1.01%	63.68%	34.47%	N/A	62.73%
Very large corporates	0.51%	0.61%	39.19%	33.04%	N/A	62.73%
Small and medium-sized companies	3.12%	3.84%	N/A	N/A	N/A	N/A
Retail Professional	4.26%	5.18%	22.79%	13.48%	75.87%	46.51%
Retail Individual	1.46%	2.05%	22.06%	14.35%	81.42%	53.32%

This table provides an overall summary of the system's performance but differs from the Group's annual backtesting exercises, which are carried out on a model-by-model basis and not globally by portfolio. The table nevertheless allows a comparison between the estimates and the actual results for each internal parameter over a long-term period and on a significant and representative part of each exposure category. The results are derived from the data warehouses used for modeling from the set of performing customers for the default rate and PD, and from the set of defaulting customers for the LGD and EAD concepts.

Specialized financing

EU CR10 – SPECIALIZED AND EQUITY FINANCING EXPOSURES SUBJECT TO THE SIMPLE WEIGHTING METHOD

CR10.1

		12/31/2021					
Specialized financing: Project finance (Slotting approach)							
Regulatory categories *in millions of euros*	**Residual maturity**	**On-balance sheet exposures**	**Off-balance sheet exposures**	**Risk weight**	**Exposure value**	**RWAs**	**Expected loss amount**
Class 1	Less than 2.5 years	-	-	50%	-	-	-
	Greater than or equal to 2.5 years	12	-	70%	12	9	-
Class 2	Less than 2.5 years	-	-	70%	-	-	-
	Greater than or equal to 2.5 years	14	-	90%	14	12	-
Class 3	Less than 2.5 years	-	-	115%	-	-	-
	Greater than or equal to 2.5 years	-	-	115%	-	-	-
Class 4	Less than 2.5 years	-	-	250%	-	-	-
	Greater than or equal to 2.5 years	-	-	250%	-	-	-
Class 5	Less than 2.5 years	-	-	0%	-	-	-
	Greater than or equal to 2.5 years	-	-	0%	-	-	-
TOTAL	**LESS THAN 2.5 YEARS**	**-**	**-**	**0%**	**-**	**-**	**-**
	GREATER THAN OR EQUAL TO 2.5 YEARS	**26**	**-**	**0%**	**26**	**21**	**-**

		12/31/2020					
Specialized financing							
Regulatory categories *in millions of euros*	**Residual maturity**	**Amounts on the balance sheet**	**Amounts off-balance sheet**	**Risk weighting coefficients**	**Total**	**RWAs**	**Losses expected**
Good profile	Residual maturity	0	-	50%	0	0	-
Good profile	Greater than or equal to 2.5 years	9	-	70%	9	6	0
Good profile	Greater than or equal to 2.5 years	15	-	90%	15	13	0
TOTAL	**GREATER THAN OR EQUAL TO 2.5 YEARS**	**24**			**16**	**20**	

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CR10.2

12/31/2021								
Specialized financing: Income-producing real estate and high volatility commercial real estate (Slotting approach)								
Regulatory categories *in millions of euros*	**Residual maturity**	**On-balance sheet exposures**	**Off-balance sheet exposures**	**Risk weight**	**Exposure value**	**RWAs**	**Expected loss amount**
Class 1	Less than 2.5 years	1	-	50%	1	1	-
	Greater than or equal to 2.5 years	15	-	70%	15	11	-
Class 2	Less than 2.5 years	-	-	70%	-	-	-
	Greater than or equal to 2.5 years	8	-	90%	8	7	-
Class 3	Less than 2.5 years	-	-	115%	-	-	-
	Greater than or equal to 2.5 years	-	-	115%	-	-	-
Class 4	Less than 2.5 years	-	-	250%	-	-	-
	Greater than or equal to 2.5 years	-	-	250%	-	-	-
Class 5	Less than 2.5 years	-	-	0%	-	-	-
	Greater than or equal to 2.5 years	-	-	0%	-	-	-
TOTAL	**LESS THAN 2.5 YEARS**	**1**	**-**	**0%**	**1**	**1**	**-**
	GREATER THAN OR EQUAL TO 2.5 YEARS	**23**	**-**	**0%**	**23**	**18**	**-**

CR10.5

12/31/2021						
Equity exposures under the simple risk-weighted approach						
Categories *in millions of euros*	**On-balance sheet exposures**	**Off-balance sheet exposures**	**Risk weight**	**Exposure value**	**Weighted-exposure amount**	**RWAs**
Private equity exposures	3,106	167	190%	3,273	6,219	26
Exchange-traded equity exposures	1,751	-	290%	1,751	5,078	14
Other equity exposures	6,777	-	370%	6,777	25,074	163
TOTAL	**11,634**	**167**		**11,801**	**36,372**	**203**

12/31/2020							
Equities under the simple risk-weighting approach							
Categories *in millions of euros*	**Residual maturity**	**Amounts on the balance sheet**	**Amounts off-balance sheet**	**Risk weighting coefficients**	**Total**	**RWAs**	**Losses expected**
Exposures to private equity funds		3,938	-	190%	3,938	7,482	-
Exposures to equities traded on organized markets		4,732	-	290%	4,732	13,723	-
Other equity exposures		6,787	-	370%	6,257	23,152	-
TOTAL		**15,457**			**14,927**	**44,357**	**-**

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6

COUNTERPARTY RISK

6.1 Counterparty risk management

Counterparty risk is the credit risk generated on market, investment and/or settlement transactions. It is the risk of the counterparty not being able to meet its obligations to Group institutions.

It is also related to the cost of replacing a derivative instrument if the counterparty defaults, and is similar to market risk given default.

Counterparty risk also arises on cash management and market activities conducted with customers, and on clearing activities via a clearing house or external clearing agent.

Exposure to counterparty risk is measured using the internal ratings-based approach and standardized approach.

Measuring counterparty risk

In economic terms, Groupe BPCE and its subsidiaries measure counterparty risk for derivative instruments (swaps or structured products, for instance) using the IRB method for Natixis, or the mark-to-market method for other institutions. In order to perfect the economic measurement of the current and potential risk inherent in derivatives, a tracking mechanism based on a standardized economic measurement is currently being instituted throughout Groupe BPCE.

Natixis uses an internal model to measure and manage its own counterparty risk. Using Monte Carlo simulations for the main risk factors, this model measures the positions on each counterparty and for the entire lifespan of the exposure, taking netting and collateralization criteria into account.

The model thus determines the EPE (Expected Positive Exposure) profile and the PFE (Potential Future Exposure) profile, the latter being the main indicator used by Natixis for assessing counterparty risk exposure. This indicator is calculated as the 97.7% percentile of the distribution of exposures for each counterparty.

In 2021, the counterparty risk assessment model developed by Natixis (PFE) is being rolled out to other Group entities (replacing the historical calculation of the counterparty risk base on market transactions through marking-to-market), enabling more refined risk management at Group level. The Group's entities, excluding Natixis, continue to use the standard model for assessing capital requirements for counterparty risk.

Counterparty risk mitigation techniques

Group ceilings and limits regulate counterparty risk. These are validated by the Group Credit and Counterparty Committee.

Use of clearing houses and forward financial instruments (daily margin calls under ISDA agreements, for example) govern relations with the main customers (mainly Natixis). Accordingly, the Group has implemented EMIR requirements.

The principles of counterparty risk management are based on:	• a risk measurement determined according to the type of instrument in question, the term of the transactions, and whether or not any netting and collateralization agreements are in place; • counterparty risk limits and allocation procedures; • a value adjustment in respect of counterparty risk: the CVA (Credit Value Adjustment) represents the market value of a counterparty's default risk (see CVA section below); • incorporation of wrong-way risk: wrong-way risk refers to the risk that a given counterparty exposure is heavily correlated with the counterparty's probability of default.
From a regulatory standpoint, counterparty risk is represented by:	• specific wrong-way risk, i.e. the risk generated when, due to the nature of the transactions entered into with a counterparty, there is a direct link between its credit quality and the amount of the exposure; • general wrong-way risk, i.e. the risk generated when there is a correlation between the counterparty's credit quality and general market factors.

Natixis complies with Article 291.6 of the European regulation of June 26, 2013, including the obligation to report wrong-way risk (WWR). The article states that "institutions shall provide senior management and the appropriate committee of the management body with regular reports on both Specific and General Wrong-Way risks and the steps being taken to manage those risks." The goal is to enable the bank to better understand the exposure to counterparty credit risk and thus improve the management of such exposure.

Specific wrong-way risk is subject to a specific capital requirement (Article 291.5 of the European regulation of June 26, 2013 on prudential requirements for credit institutions and investment firms), while general wrong-way risk is assessed using the WWR stress scenarios defined for each asset class.

In the event the Bank's external credit rating is downgraded, it may be required to provide additional cash or collateral to investors under agreements that include rating triggers. In particular, in calculating the liquidity coverage ratio (LCR), the amounts of these additional cash outflows and additional collateral requirements are measured. These amounts comprise the payment the bank would have to make within 30 calendar days in the event its credit rating were downgraded by as much as three notches.

CVA

The valuation of financial instruments traded over-the-counter by Groupe BPCE with external counterparties in its capital markets businesses (mainly Natixis) and ALM activities include credit valuation adjustments. The CVA is an adjustment to the valuation of the trading book aimed at factoring in counterparty credit risks. It thus reflects the expectation of loss in fair value terms on the existing exposure to a counterparty due to the potential positive value of the contract, the counterparty's probability of default and the estimated collection rate.

The level of the CVA varies according to changes in exposure to existing counterparty risk and in the counterparty's credit rating, which may trigger changes in the CDS spread used to determine probability of default.

6

6.2 Quantitative disclosures

BPCE18 – BREAKDOWN OF GROSS COUNTERPARTY RISK EXPOSURES BY ASSET CLASS (EXCLUDING OTHER ASSETS) AND METHOD

	12/31/2021							12/31/2020		
	Standard			IRB			Total	Total		
in millions of euros	Exposure	EAD	RWA	Exposure	EAD	RWA	Exposure	Exposure	EAD	RWA
Central banks and other sovereign exposures	-	-	-	2,713	2,713	96	2,713	1,874	1,874	118
Central administrations	10	10	-	6,630	6,630	154	6,641	6,874	6,838	117
Public sector and similar entities	1,194	1,194	229	209	209	-	1,403	1,691	1,581	338
Institutions	14,675	17,306	723	17,917	17,929	6,023	32,592	30,582	29,276	3,818
Corporate customers	907	875	923	18,210	18,210	5,774	19,116	19,488	19,488	7,175
Retail	13	14	10	3	3	2	15	7	7	5
Equities	-	-	-	-	-	-	-	-	-	-
Securitization	34	34	5	1,257	1,257	293	1,291	1,720	1,720	342
TOTAL	**16,832**	**19,432**	**1,890**	**46,939**	**46,952**	**12,342**	**63,771**	**62,234**	**60,783**	**11,913**

BPCE19 – BREAKDOWN BY EXPOSURE CLASS OF RISK-WEIGHTED ASSETS FOR THE CREDIT VALUATION ADJUSTMENT (CVA)

in millions of euros	12/31/2021	12/31/2020
Central banks and other sovereign exposures	0	-
Central administrations	2	77
Public sector and similar entities	-	-
Institutions	1,993	1,505
Corporate customers	541	388
Retail	-	-
Equities	-	-
Securitization	-	-
Other assets	-	-
TOTAL	**2,536**	**1,969**

BPCE20 – SECURITIES EXPOSED TO COUNTERPARTY RISK ON DERIVATIVE TRANSACTIONS AND REPURCHASE AGREEMENTS

	12/31/2021			12/31/2020		
in millions of euros	Standard	IRB	Total	Standard	IRB	Total
Derivatives						
Central banks and other sovereign exposures	-	260	260	-	278	278
Central administrations	10	2,340	2,350	75	2,680	2,755
Public sector and similar entities	1,191	209	1,400	1,584	95	1,679
Institutions	10,552	8,498	19,049	10,691	6,673	17,364
Corporate customers	762	9,275	10,037	680	9,677	10,356
Retail	13	3	15	4	3	7
Securitization	34	1,257	1,291	248	1,472	1,720
TOTAL	**12,561**	**21,841**	**34,403**	**13,282**	**20,878**	**34,159**
Repurchase agreements						
Central banks and other sovereign exposures	-	2,454	2,454	-	1,596	1,596
Central administrations	-	4,290	4,290	-	4,118	4,118
Public sector and similar entities	2	-	2	12	-	12
Institutions	4,124	9,419	13,543	3,504	9,713	13,218
Corporate customers	144	8,935	9,079	366	8,766	9,131
Retail	-	0	0	-	0	0
Securitization	-	-	-	-	-	-
TOTAL	**4,270**	**25,098**	**29,369**	**3,882**	**24,193**	**28,075**

6.3 Detailed quantitative disclosures

The detailed quantitative disclosures on counterparty risk in the following tables enhances the information in the previous section, in respect of Pillar III.

EU CCR1 – ANALYSIS OF COUNTERPARTY RISK EXPOSURE BY APPROACH

	12/31/2021							
in millions of euros	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWAs
EU – Original exposure method (for derivatives)	-	-		1.4	-	-	-	-
EU – Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
SA-CCR (for derivatives)	1,520	3,750		1.4	26,647	8,008	8,008	3,275
IMM (for derivatives and SFTs)			10,732	1	411	15,025	15,025	4,334
Of which securities financing transaction netting sets			-		-	-	-	-
Of which derivative & long settlement transaction netting sets			10,732		411	15,025	15,025	4,334
Of which from contractual cross-product netting sets			-		-	-	-	-
Financial collateral simple method (for SFTs)					-	-	-	-
Financial collateral comprehensive method (for SFTs)					31,955	31,473	31,473	2,145
VaR for SFTs					-	-	-	-
TOTAL					**59,012**	**54,507**	**54,507**	**9,754**

in millions of euros	12/31/2020 Notional amount	Replacement cost/market value	Potential future exposure	Effective Expected Positive Exposure (Effective EPE)	Alpha used to calculate regulatory EAD	EAD after taking into account CRM techniques	RWAs
Mark to market		2,538	4,651			6,250	2,370
Original exposure							
Standardized approach							
Internal models method				12,328	1.4	17,260	4,181
Securities financing transactions (SFT)							
Derivatives and long-settlement transactions							
Resulting from contractual cross-product netting							
Simple approach for CRM (for SFTs)							
Comprehensive approach for CRM (for SFTs)						24,892	1,870
VaR for SFTs							
TOTAL							**8,421**

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6

EU CCR2 – CAPITAL REQUIREMENT FOR CREDIT VALUATION ADJUSTMENT (CVA)

in millions of euros	12/31/2021 Risk exposure value	RWAs
Total transactions subject to the advanced method	5,425	1,187
• i) VaR component (including the 3× multiplier)		65
• ii) Stressed VaR component (including the 3× multiplier)		1,122
Transactions subject to the standardized method	5,204	1,349
Transactions subject to the alternative approach (based on the original exposure method)		
TOTAL TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK	**10,630**	**2,536**

in millions of euros	12/31/2020 EAD after taking into account credit risk mitigation techniques	RWAs
Total portfolios subject to the advanced CVA requirement	5,315	1,538
• VaR component (including 3x multiplier)		186
• Stressed VaR component (including 3x multiplier)		1,351
Total portfolios subject to the standard CVA requirement	3,369	432
TOTAL PORTFOLIOS SUBJECT TO THE CVA REQUIREMENT	**8,683**	**1,969**

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EU CCR3 – STANDARDIZED APPROACH – COUNTERPARTY RISK EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTING

	12/31/2021											
	Risk weight											
Exposure classes in millions of euros	**0%**	**2%**	**4%**	**10%**	**20%**	**50%**	**70%**	**75%**	**100%**	**150%**	**Other**	**Total exposure value**
Central governments or central banks												
Regional governments or local authorities	10				407							418
Public sector entities	475				381	6			55			918
Multilateral development banks												
International organizations	10											10
Institutions	2,854	13,375			351	253						16,834
Corporate customers					107	161			668	119		1,055
Retail								14				14
Institutions and corporates with a short-term credit assessment					82	57			10			149
Other items									66	25		91
TOTAL EXPOSURE VALUE	**3,349**	**13,375**			**1,329**	**478**		**14**	**799**	**145**		**19,489**

	12/31/2020															
in millions of euros	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**250%**	**370%**	**1,250%**	**Other**	**Total on 12/31/2020**
Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Regional governments or local authorities	7	-	-	-	446	-	-	-	-	-	-	-	-	-	-	454
Public sector entities	497	-	-	-	555	-	15	-	-	72	-	-	-	-	-	1,139
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International organizations	74	-	-	-	-	-	-	-	-	-	-	-	-	-	-	74
Institutions	140	11,700	-	-	244	-	248	-	-	-	-	-	-	-	-	12,333
Secured bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate customers	98	268	-	-	113	-	155	-	-	719	34	-	-	-	-	1,387
Retail	-	-	-	-	-	-	-	-	4	-	-	-	-	-	-	4
Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments in units or shares of collective investment undertakings (CIU)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	2
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	6	-	55	-	-	18	-	-	-	-	-	79
Exposures secured by a real estate mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
High risk exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-	-	-	-	-	29	-	-	-	-	29
TOTAL	**817**	**11,968**	**-**	**-**	**1,365**	**-**	**473**	**-**	**4**	**811**	**63**	**-**	**-**	**-**	**-**	**15,502**

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6

EU CCR4 – IRB APPROACH – COUNTERPARTY RISK EXPOSURES BY EXPOSURE CLASS AND PD SCALE

	12/31/2021							
in millions of euros	0	Exposure value	Weighted average PD (in %)	Number of obligors	Weighted average LGD (in %)	Weighted average maturity (in years)	RWAs	RWA density
CENTRAL GOVERNMENTS AND CENTRAL BANKS	0.00 to < 0.15	8,850	0.00%	91	15.41%	-	23	0.26%
	0.15 to < 0.25	840	0.21%	7	33.20%	-	145	17.24%
	0.25 to < 0.50	98	0.10%	3	17.57%	-	24	24.58%
	0.50 to <0.75	-	0.00%	-	0.00%	-	-	0.00%
	0.75 to <2.50	-	0.00%	-	0.00%	-	-	0.00%
	2.50 to <10.00	38	3.19%	1	47.10%	-	56	149.08%
	10.00 to <100.00	-	0.00%	-	0.00%	-	-	0.00%
	100.00 (default)	-	0.00%	-	0.00%	-	-	0.00%
Sub-total		**9,826**	**0.03%**	**102**	**17.08%**	**-**	**248**	**2.53%**
INSTITUTIONS	0.00 to < 0.15	13,644	0.00%	-	38.91%	-	2,552	18.70%
	0.15 to < 0.25	1,296	0.00%	-	44.72%	-	624	48.13%
	0.25 to < 0.50	438	0.00%	-	47.83%	-	321	73.31%
	0.50 to <0.75	89	0.00%	-	44.87%	-	85	95.65%
	0.75 to <2.50	131	0.00%	-	57.44%	-	179	136.69%
	2.50 to <10.00	9	0.00%	-	66.55%	-	21	229.48%
	10.00 to <100.00	-	0.00%	-	0.00%	-	-	0.00%
	100.00 (default)	-	0.00%	-	0.00%	-	-	0.00%
Sub-total		**15,608**	**0.00%**	**1**	**39.85%**	**-**	**3,782**	**24.23%**
CORPORATE CUSTOMERS	0.00 to < 0.15	10,890	0.04%	736	32.55%	-	1,058	9.71%
	0.15 to < 0.25	1,255	0.16%	190	30.23%	-	363	28.97%
	0.25 to < 0.50	1,108	0.29%	233	28.33%	-	392	35.35%
	0.50 to <0.75	1,061	0.51%	436	24.88%	-	409	38.52%
	0.75 to <2.50	2,500	1.34%	622	31.79%	-	1,695	67.80%
	2.50 to <10.00	746	4.11%	508	33.16%	-	838	112.43%
	10.00 to <100.00	66	8.72%	280	23.29%	-	124	187.57%
	100.00 (default)	54	87.98%	57	35.16%	-	59	108.65%
Sub-total		**17,678**	**0.75%**	**3,062**	**31.55%**	**-**	**4,937**	**27.93%**
RETAIL	0.00 to < 0.15	-	0.11%	21	45.00%	-	-	12.20%
	0.15 to < 0.25	-	0.24%	1	45.00%	-	-	21.43%
	0.25 to < 0.50	1	0.34%	56	45.00%	-	-	26.85%
	0.50 to <0.75	-	0.66%	12	45.00%	-	-	39.94%
	0.75 to <2.50	1	1.93%	58	45.00%	-	-	59.56%
	2.50 to <10.00	-	5.37%	24	45.00%	-	-	70.87%
	10.00 to <100.00	1	15.16%	13	45.00%	-	1	94.29%
	100.00 (default)	-	100.00%	2	45.00%	-	-	0.00%
Sub-total		**3**	**4.60%**	**187**	**45.00%**	**-**	**2**	**55.23%**
TOTAL		**43,115**		**3,352**			**8,969**	

F-IRB *in millions of euros*	PD range	12/31/2021 Exposure value	Weighted average PD%	Number of obligors	Weighted average LGD *(in %)*	Weighted average maturity (in years)	RWAs	RWA density
CENTRAL GOVERNMENTS AND CENTRAL BANKS	0.00 to < 0.15	1	0.00%	-	45.00%	-	-	0.00%
	0.15 to < 0.25	-	0.00%	-	0.00%	-	-	17.24%
	0.25 to < 0.50	-	0.00%	-	0.00%	-	-	24.58%
	0.50 to <0.75	-	0.00%	-	0.00%	-	-	0.00%
	0.75 to <2.50	-	0.00%	-	0.00%	-	-	0.00%
	2.50 to <10.00	-	0.00%	-	0.00%	-	-	149.08%
	10.00 to <100.00	-	0.00%	-	0.00%	-	-	0.00%
	100.00 (default)	-	0.00%	-	0.00%	-	-	0.00%
Sub-total		**1**	**0.00%**	**-**	**45.00%**	**-**	**-**	**2.53%**
INSTITUTIONS	0.00 to < 0.15	1,572	0.40%	-	33.11%	-	492	31.27%
	0.15 to < 0.25	630	0.16%	-	0.61%	-	25	4.00%
	0.25 to < 0.50	296	0.35%	-	0.00%	-	32	10.82%
	0.50 to <0.75	-	0.60%	-	0.00%	-	-	104.19%
	0.75 to <2.50	-	2.00%	-	0.00%	-	-	151.30%
	2.50 to <10.00	2	2.91%	-	45.00%	-	2	123.20%
	10.00 to <100.00	-	0.00%	-	0.00%	-	-	0.00%
	100.00 (default)	-	100.00%	-	45.00%	-	-	0.00%
Sub-total		**2,500**	**0.34%**	**-**	**21.01%**	**-**	**551**	**22.05%**
CORPORATE CUSTOMERS	0.00 to < 0.15	278	0.27%	-	29.04%	-	181	65.26%
	0.15 to < 0.25	763	0.16%	-	44.99%	-	24	3.12%
	0.25 to < 0.50	27	0.32%	-	45.00%	-	15	56.05%
	0.50 to <0.75	19	0.59%	-	42.39%	-	14	72.72%
	0.75 to <2.50	55	1.50%	-	41.65%	-	53	96.00%
	2.50 to <10.00	42	3.75%	-	45.00%	-	57	136.13%
	10.00 to <100.00	20	13.29%	-	45.00%	-	43	216.66%
	100.00 (default)	6	100.00%	-	45.00%	-	-	0.00%
Sub-total		**1,209**	**1.08%**	**1**	**41.13%**	**-**	**387**	**32.02%**
TOTAL		**3,710**		**1**			**938**	

EU CCR5 – COMPOSITION OF COLLATERAL FOR COUNTERPARTY RISK EXPOSURES

	12/31/2021							
	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
Collateral type *in millions of euros*	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
Cash – domestic currency	-	8,617	612	10,779	-	1,237	-	1,490
Cash – other currencies	-	1,520	-	1,713	-	6,039	-	1,596
Domestic sovereign debt	-	21	-	-	-	1	-	27
Other sovereign debt	1,904	175	-	78	-	93,670	-	102,881
Government agency debt	684	484	-	575	-	9,566	-	32,036
Corporate bonds	942	165	-	229	-	11,424	-	12,241
Equities	670	-	-	-	-	16,428	-	62,305
Other collateral	10	80	-	-	-	12,048	-	9,401
TOTAL	**4,210**	**11,062**	**612**	**13,373**	**-**	**150,412**	**-**	**221,977**

EU CCR6 – CREDIT DERIVATIVE EXPOSURES

	12/31/2021	
in millions of euros	Protection purchased	Protection sold
Notional amounts		
Single-name credit default swaps	6,356	10,397
Index credit default swaps	9,220	5,222
TRS	951	-
Credit options	-	-
Other credit derivatives	-	-
TOTAL NOTIONAL AMOUNTS	**16,527**	**15,619**
Fair value		
Positive fair value (asset)	84	393
Negative fair value (liability)	(441)	(63)

	12/31/2020		
in millions of euros	Protection purchased	Protection sold	Other credit derivatives
Notional amounts			
CDS	8,315	11,503	
CLN	-	-	-
TRS	2,974	-	-
CDO	-	-	-
Index CDS	-	-	-
Other credit derivatives	11,041	5,602	-
CDS Single Name Hedge CVA	424	234	
TOTAL NOTIONAL AMOUNTS	**22,755**	**17,340**	**-**
Fair value			
Positive fair value (asset)	8	439	-
Negative fair value (liability)	(591)	(4)	-

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EU CCR7 – RISK-WEIGHTED ASSET FLOW STATEMENTS FOR COUNTERPARTY RISK EXPOSURES UNDER IMM

in millions of euros	RWAs
12/31/2020	**4,736**
Asset size	278
Credit quality of counterparties	(169)
Model updates (IMM only)	-
Methodology and policy (IMM only)	23
Acquisitions and disposals	-
Foreign exchange movements	-
Other	(512)
12/31/2021	**4,357**

CCR8 – EXPOSURE TO CENTRAL COUNTERPARTIES (CCP)

	12/31/2021	
in millions of euros	Exposure value	RWAs
Exposures to QCCPs (total)		**328**
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	8,386	168
i) OTC derivatives	4,707	94
ii) Exchange-traded derivatives	-	-
iii) Securities financing transaction (SFT)	3,678	74
iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	-	
Non-segregated initial margin	93	2
Prefunded default fund contributions	406	158
Unfunded default fund contributions	-	-
Exposures to non-QCCPs (total)		**-**
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
i) OTC derivatives	-	-
ii) Exchange-traded derivatives	-	-
iii) Securities financing transaction (SFT)	-	-
iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	-	
Non-segregated initial margin	-	-
Prefunded default fund contributions	-	-
Unfunded default fund contributions	-	-

in millions of euros	12/31/2020 EAD post CRM	12/31/2020 RWAs
QCCP exposures (total)		**491**
Exposures for transactions with qualifying central counterparties (excluding initial margins and default fund contributions); of which	10,611	212
(i) OTC derivatives	1,887	38
(ii) Listed derivatives	5,302	106
(iii) SFT	3,422	68
(iv) Approved cross-product netting sets		
Segregated initial margin		
Initial margin not segregated	1,352	33
Exposures to non-QCCP (total)	338	246
Exposures to non-QCCP (total)		
Exposures for transactions with qualifying central counterparties (excluding initial margins and default fund contributions); of which		
(i) OTC derivatives		
(ii) Listed derivatives		
(iii) SFT		
(iv) Approved cross-product netting sets		
Segregated initial margin		
Initial margin not segregated		
Pre-financed default fund contributions		
Unfunded default fund contributions		

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BPCE 21 – NOTIONAL AMOUNT OF DERIVATIVES

in millions of euros	12/31/2021	12/31/2020
TOTAL NOTIONAL AMOUNT OF OUTSTANDING DERIVATIVES	**9,134,065**	**6,160,164**
• of which notional amount of derivatives traded with central counterparties	7,182,595	4,328,373
Notional amount of OTC derivatives	**1,951,469**	**1,831,791**
• of which interest rate derivatives	825,999	855,441
• of which equity derivatives	110,954	118,215
• of which currency derivatives	984,457	820,498
• of which credit derivatives	10,102	16,790
Notional amount of cleared derivatives	**7,182,595**	**4,328,373**
• of which interest rate derivatives	7,005,701	4,166,703
• of which equity derivatives	132,697	114,899
• of which currency derivatives	31,103	17,708
• of which credit derivatives	8,786	24,543

7

SECURITIZATION TRANSACTIONS

7.1 Regulatory framework and accounting methods

Regulatory framework

Two European regulations aimed at facilitating the development of the securitization market, preventing risks and ensuring the stability of the financial system, were published in the Official Journal of the European Union on December 28, 2017. The objective of both regulations is to govern securitization transactions in the European Union.

REGULATION (EU) NO. 2017/2402 (1)

Sets a general framework for securitization (the previous rules were spread out in three different directives and two regulations). Establishes appropriate due diligence, risk retention and transparency requirements for parties to securitization transactions, sets loan approval criteria, lays down requirements for selling securitizations to retail clients, and prohibits resecuritization.

Also establishes a specific framework for STS (simple, transparent and standardized) securitization, by defining the criteria for transactions to meet in order to qualify as securitizations and the obligations arising from such qualification, such as the obligation to notify ESMA of securitization programs.

REGULATION (EU) NO. 2017/2401 (2)

Amends the provisions of Regulation (EU) No. 575/2013 pertaining to securitization, including in particular the prudential requirements applicable to credit institutions and investment firms acting as originators, sponsors or investors in securitization transactions. Deals in particular with:

- STS securitizations, and the method for calculating the associated risk-weighted exposure amounts;
- the hierarchy of methods for calculating RWAs and determining the related parameters;
- external credit assessments (performed by external rating agencies).

REGULATORY CAPITAL REQUIREMENTS

Hierarchy of methods: securitization capital requirements are calculated in accordance with a hierarchy of methods applied in the order of priority set by the European Commission:

- SEC-IRBA (Securitization Internal Ratings Based Approach): uses the bank's internal rating models, which shall have been approved beforehand by the supervisor. SEC-IRBA calculates regulatory capital requirements in relation to underlying exposures as if these had not been securitized, and then applies certain pre-defined inputs;
- SEC-SA (Securitization Standardized Approach): this method is the last chance to use a formula defined by the supervisor, using as an input the capital requirements that would be calculated under the current Standardized Approach (calculates regulatory capital requirements in relation to underlying exposures – based on their class – and then applies the ratio of defaulted underlying exposures to the total amount of underlying exposures);
- SEC-ERBA (Securitization External Ratings Based Approach): based on the credit ratings of securitization tranches determined by external rating agencies.

If none of these three methods is applicable (SEC-IRBA, SEC-ERBA, SEC-SA), then the risk weight applied to the securitization is 1,250%.

Please note:

- introduction of new risk inputs: maturity and thickness of the tranche;
- higher risk weight floor: 15% (versus 7% previously);
- preferential regulatory treatment for STS securitization exposures:
  - risk weight floor lowered to 10% (versus 15%),
  - SEC-ERBA: STS differentiated risk weight table.

The European regulation defining the new general framework for securitization and creating a clear set of criteria for Simple, Transparent and Standardized (STS) securitizations, as well as the related amendments to the CRR, were published in the Official Journal of the European Union on December 28, 2017, with an effective date of January 2019.

Accounting methods

Securitization transactions in which Groupe BPCE is an investor (i.e. the Group invests directly in some securitization positions, provides liquidity, and is a counterparty for derivatives exposures or guarantees) are recognized in accordance with the Group's accounting principles, as referred to in the notes to the consolidated financial statements.

Securitization positions are predominantly recorded under "Securities at amortized cost" and "Financial assets at fair value through other comprehensive income."

Securitization positions classified as "Securities at amortized cost" are measured after their initial recognition at amortized cost based on the effective interest rate. Any position booked to "Securities at amortized cost" is impaired under "Cost of credit risk" in respect of Stage 1 or Stage 2 expected credit losses following a significant increase in credit risk.

Where a position booked to "Securities at amortized cost" is transferred to Stage 3 (defaulted exposures), the impairment is recorded under "Cost of credit risk" (Note 7.1.2 to the financial statements – "Change in gross carrying amounts and expected credit losses on financial assets and commitments").

In the event of disposal, the Group recognizes the gains or losses on disposal in the income statement under "Net gains or losses arising from the derecognition of financial assets at amortized cost". Except in the case where the receivable is in default: in the latter case, it is recognized under "Cost of credit risk".

Securitization positions classified as "Financial assets at fair value through other comprehensive income" are remeasured at their fair value at the closing date.

Interest income accrued or received on debt instruments is recognized in income based on the effective interest rate under "Interest and similar income" in net banking income (NBI), while changes in fair value (excluding revenues) are recorded on a separate line in other comprehensive income under "Gains and losses recognized directly in other comprehensive income." They are impaired in respect of Stage 1, 2 or 3 expected credit losses, in accordance with the same methodology used for positions classified as "Securities at amortized cost." This impairment is recorded on the liabilities side of the balance sheet under other comprehensive income recyclable to profit or loss, with a corresponding entry to "Cost of credit risk" in the income statement (Note 7.1.2 to the financial statements – "Change in gross carrying amounts and expected credit losses on financial assets and commitments").

If the position is sold, the Group recognizes the capital gains or losses on disposal in profit or loss under "Net gains or losses on financial instruments at fair value through other comprehensive income" unless the position is in Stage 3. In such case, the loss is recognized in "Cost of credit risk."

Securitization positions classified as "Financial assets at fair value through profit or loss" are measured at fair value, at both the initial recognition date and the reporting date. Changes in fair value over the period, interest, and gains or losses on disposals related to securitization positions are recognized in "Net gains or losses on financial instruments at fair value through profit or loss."

Synthetic securitizations such as Credit Default Swaps are subject to accounting recognition rules specific to trading derivatives (Note 5.2 to the financial statements – "Financial assets and liabilities at fair value through profit or loss").

In accordance with IFRS 9, securitized assets are derecognized when Groupe BPCE has transferred substantially all of the risks and rewards of ownership of the asset.

If the Group transfers the cash flows of a financial asset but neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and has not retained control of the financial asset, the Group derecognizes the financial asset and then recognizes separately, if necessary, as assets or liabilities any rights and obligations created or retained in the transfer. If the Group retains control of the financial asset, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

When a financial asset at amortized cost or at fair value through other comprehensive income is fully derecognized, a gain or loss on disposal is recorded in the income statement. The amount is equal to the difference between the carrying amount of the asset and the value of the consideration received, corrected for impairment, and where applicable for any unrealized profit or loss previously recognized directly in other comprehensive income.

Given the relatively low value of the assets in question and relative infrequency of securitization transactions, assets pending securitization continue to be recognized in their original portfolio. Specifically, they continue to be recognized under "Loans and advances to customers at amortized cost" when that is their original classification. For synthetic securitization transactions, assets are not derecognized as long as the institution retains control over them. The assets continue to be recognized in accordance with their original classification and valuation method. Consolidation or non-consolidation of securitization vehicles is analyzed in accordance with IFRS 10 based on the institution's ties with the vehicle. These principles are reiterated in Note 3.2.1 to the financial statements – "Entities controlled by the Group."

Scope of the programs:

- originator: either an entity which, on its own or through affiliates, was directly or indirectly involved in the original agreement which created the obligations (or contingent obligations) of the obligor, giving rise to the securitization transaction or arrangement; or an entity that purchases a third party's on-balance sheet exposures and then securitizes them;
- sponsor: an institution other than an originator institution that establishes and manages an asset-backed commercial paper program or other securitization scheme that purchases exposures from third-party entities;
- investor: the Group's position when it holds securitization positions in which it has invested, but in which it does not act as originator or sponsor. These are mainly tranches acquired in programs initiated or managed by external banks.

Terminology

Traditional securitization: the economic transfer to investors of financial assets such as loans or advances, transforming these loans into financial securities issued on the capital market via SSPEs (securitization special purpose entities).

Synthetic securitization: in a synthetic transaction, ownership of the asset is not transferred but the risk is transferred through a financial instrument, i.e. the credit derivative.

Resecuritization: a securitization in which the credit risk associated with a portfolio of underlying assets is divided into tranches and for which at least one of the underlying asset exposures is a securitization position.

Tranche: a contractually established segment of the credit risk associated with an exposure or number of exposures.

Securitization position: an exposure to a securitization.

Liquidity facility: the securitization position arising from a contractual agreement to provide funding to ensure timeliness of cash flows to investors.

Originator: either an entity which, on its own or through affiliates, was directly or indirectly involved in the original agreement which created the obligations (or contingent obligations) of the obligor, giving rise to the securitization transaction or arrangement; or an entity that purchases a third party's on-balance sheet exposures and then securitizes them.

Sponsor: an institution other than an originator institution that establishes and manages an asset-backed commercial paper program or other securitization scheme that purchases exposures from third-party entities.

Investor: the Group's position when it holds securitization positions in which it has invested, but in which it does not act as originator or sponsor. These are mainly tranches acquired in programs initiated or managed by external banks.

7.2 Securitization management at Groupe BPCE

Since 2014, Groupe BPCE has had a residential real estate loan securitization program to ensure the sustainability of its stock of collateral eligible for the Eurosystem, providing it with liquidity reserves.

Banking book EAD (final securitization) amounted to €18.5 billion on December 31, 2021 (up €0.4 billion year-on-year).

The positions were mainly carried by Natixis (€14.5 billion), BPCE SA (€2.3 billion, positions arising from the transfer of a portfolio of home loan and public asset securitizations from Crédit Foncier in September 2014) and BRED (€2.4 billion).

EADs in the trading portfolio amounted to €0.8 billion at December 31, 2021, and were mainly carried by Natixis (€0.5 billion) and BRED (€0.3 billion).

The increase in EAD of the banking book is mainly due to:

- the business lines comprising Natixis' roll-out plan (+€0.24 billion), and particularly sponsoring (+€0.96 billion), investment (-€0.50 billion) and origination (-€0.22 billion);
- the increase in outstandings on the BRED scope amounting to +€0.46 billion;
- the decrease in exposures on the BPCE SA portfolio managed in run off for -€0.23 billion;
- the workout portfolio exposures of the Corporate & Investment Banking division (formerly GAPC – workout portfolio management, i.e. -€0.09 billion) and BPCE are managed under a run-off method, whereby positions are gradually amortized but still managed (including disposals) in order to safeguard the Group's interests by actively reducing positions under acceptable pricing conditions.

Breakdown of EAD by entity

NATIXIS: €14.5 BILLION EAD SECURITIZATION

The Natixis exposure is mainly positioned in Banking book €14.5 billion.

- The exposure of the banking book carried by Natixis as Sponsor is €9.7bn:
  - It consists of 28 lines, mainly transactions carried out through the ABCP Magenta sub-funds (€4.2 billion), and a Versailles liquidity line (€5.5 billion) issued by Natixis as a guarantee.
  - The average WAL (Weighted Average Life) is 3 years.
  - RWA are calculated mainly using the SEC-SA approach.
- The exposure of the banking book carried by Natixis as Originator is €2.5bn only in Banking Book for 258 lines:
  - The exposure comes mainly from synthetic securitizations issued by Natixis €2.1 billion through the Kibo and Kutang SPVs. These SPVs are subject to Significant Risk Transfer. Thus, the Senior tranches are treated according to the Sec-IRBA approach, and the Junior tranches are weighted at 1,250%.
  - The Junior tranches consist mainly of cash provided by the entity.
  - The average WAL (Weighted Average Life) is 3.2 years.
  - Traditional Originator securitizations represented €0.3 billion, spread over 237 lines. The main approaches used to calculate RWA are Sec-Irba (€184 million) and Sec-Sa (€100 million).
- The exposure of the banking book carried by Natixis as an Investor is €2.3bn, of which €0.5bn in the trading book:
  - The exposure as an investor is spread over 249 lines on the Banking Book. And 138 lines on the trading book.
  - The main approaches used to calculate RWA are SEC-SA €1.8 billion and SEC-ERBA €0.4 billion.
  - In the Trading Book, the positions are only as an investor, with an average WAL (Weighted Average Life) of 2.5 years.

There is no re-securitization in the Natixis portfolios (banking and trading).

In general, RWAs are calculated mainly according to the SEC-SA approach: €11.5 billion, followed by SEC-IRBA €2.3 billion, SEC-ERBA €0.6 billion and the default approach €27 million.

BRED: €2.4 BILLION EAD INVESTOR SECURITIZATION (BANKING + TRADING BOOK)

BRED BP regularly securitizes its advances. The securities issued are kept on the balance sheet to strengthen its mobilization capacities at the ECB. The underlying advances are generally home loans and occasionally equipment or professional loans. The stock of eligible securities depends on the rate of securitization. The objective for the bank is not to transfer credit risk but to improve its liquidity.

- The control of risks related to securitization transactions is based on several principles:
  - the constitution of the pool of advances is determined by the Finance division under the supervision of the project manager. A detailed analysis of the composition of the deposit is carried out;
  - the pool of advances is passed through the centralized IT filter;
  - the deposit is systematically analyzed in great detail by two rating agencies (S&P and Fitch Ratings in general).

The deposit is generally audited by a recognized and independent firm.

BRED's exposure, as an investor, is essentially positioned in the Banking Book.

- concerning this Banking Book exposure:
  - it consists of 194 lines, for an EAD of €2.1 billion, mainly housed in the NJR replacement subsidiary (87% of the volume),
  - these lines are of excellent quality; 99.6% of the positions are rated at least A, 83.5% are AAA. The portfolio is 99.4% senior with 41.6% STS,
  - the average WAL (Weighted Average Life) is 1.63 years.
- the hall's Trading Book stands at €0.3 billion in EAD for 134 lines:
  - quality is also high; securities are at least A-rated, including 87.1% AAA,
  - the portfolio is 100% senior, with 26.3% of STS securities,
  - the average WAL is 0.93 years;
  - there are no synthetic positions or re-securitizations in either portfolio;
  - RWAs are calculated using the SEC-ERBA approach;
  - the portfolios are regularly subjected to baseline and stress scenarios that demonstrate their full resilience.

For information, BRED Banque Populaire carried out a securitization transaction in 2021 of a portfolio of residential real estate loans, for a value of nearly €2.9 billion:

- the shares are held in treasury and therefore have no accounting impact in the consolidated financial statements;
- the program has a dual purpose: to strengthen purchasing power at the ECB and to generate LCR via securities exchanges.

BPCE SA: €2.3 BILLION EAD INVESTOR SECURITIZATION

BPCE SA's investor exposure is exclusively positioned in the Banking Book.

As a reminder, Crédit Foncier's securitization positions, which boast solid credit quality, were sold to BPCE at balance sheet value, with no impact on the Group's consolidated financial statements (more than 90% of the securitization portfolio was transferred to BPCE on September 25, 2014). These exposures are recognized in loans and advances ("L&A") and did not present a significant risk of loss on completion, as confirmed by the external audit carried out at the time of the transfer.

BPCE SA therefore acts as an Investor (securitization positions in which the Group entity has invested, but in which the Group does not act as originator or sponsor). This includes tranches acquired in programs initiated or managed by third-party banks) and this portfolio is subject to extinctive management. It is composed of:

- 22 securitization positions in European RMBS and US Student Loans;
- legal maturities of more than five years;
- recognized at amortized cost;
- composed only of Senior tranches, non-STS;
- high quality, with 87.3% of the portfolio being Investment Grade;
- no synthetic securitization or re-securitization.

The risk-weighted assets are calculated according to the SEC-ERBA approach.

This portfolio is monitored through quarterly internal stress tests (RWA and losses to completion) and demonstrates the robustness of the portfolio's credit quality.

The various relevant portfolios are specially monitored by the entities and subsidiaries, and by the central institution. Depending on the scope involved, special management or steering committees regularly review the main positions and management strategies.

The central institution's Risk division regularly reviews securitization exposures (quarterly mapping), changes in portfolio structure, risk-weighted assets and potential losses. Regular assessments of potential losses are discussed by the Umbrella Committee, as are disposal opportunities.

At the same time, special purpose surveys are conducted by the teams on potential losses and changes in risk-weighted assets through internal stress scenarios (risk-weighted assets and loss on completion).

Finally, the Risk division controls risks associated with at-risk securitization positions by identifying ratings downgrades and monitoring changes in exposures (valuation, detailed analysis). Major exposures are systematically submitted to the Group Watchlist and Provisions Committee, which meets quarterly to determine the appropriate level of provisioning.

7.3 Quantitative disclosures

Breakdown of exposures and risk-weighted assets

BPCE22 – BREAKDOWN OF EXPOSURES BY TYPE OF SECURITIZATION

	12/31/2021		12/31/2020	
in millions of euros	Exposures	EAD	Exposures	EAD
Banking book	**20,041**	**18,462**	**19,390**	**18,038**
Traditional securitization	17,306	16,237	16,797	15,666
Synthetic securitization	2,735	2,225	2,593	2,372
Trading book	**793**	**793**	**695**	**695**
TOTAL	**20,834**	**19,255**	**20,085**	**18,734**

BPCE23 – BREAKDOWN OF EAD AND RWA BY TYPE OF PORTFOLIO

	12/31/2021		12/31/2020		Change	
in millions of euros	EAD	RWAs	EAD	RWAs	EAD	RWAs
Banking book	**18,462**	**4,100**	**18,038**	**4,880**	**424**	**(780)**
Investor	6,198	1,976	6,501	2,232	(303)	(256)
Originator	2,539	795	2,771	1,265	(232)	(470)
Sponsor	9,725	1,329	8,766	1,382	959	(53)
Trading book	**793**	**514**	**695**	**187**	**98**	**327**
Investor	793	514	695	187	98	327
Sponsor	-	-	-	-	-	-
TOTAL	**19,255**	**4,614**	**18,734**	**5,067**	**522**	**(453)**

7

Breakdown by rating

BPCE24 – BREAKDOWN OF INVESTOR SECURITIZATION EXPOSURES IN THE BANKING BOOK BY RATING

	12/31/2021		12/31/2020	
as a%	Standard & Poor's equivalent rating	Banking book	Standard & Poor's equivalent rating	Banking book
	AAA	45%	AAA	39%
	AA+	8%	AA+	8%
	AA-	5%	AA-	11%
	AA-	5%	AA-	3%
	A+	6%	A+	10%
	A	0%	A	4%
	A-	0%	A-	0%
	BBB+	2%	BBB+	7%
	BBB	1%	BBB	1%
Investment grade	BBB-	0%	BBB-	0%
	BB+	5%	BB+	0%
	BB	0%	BB	0%
	BB-	0%	BB-	0%
	B+	0%	B+	0%
	B	0%	B	0%
	B-	0%	B-	0%
	CCC+	0%	CCC+	0%
	CCC	0%	CCC	0%
	CCC-	0%	CCC-	0%
	CC	0%	CC	0%
Non-investment grade	C	0%	C	0%
Not rated	Not rated	23%	Not rated	17%
Default	D	0%	D	0%
TOTAL		**100%**		**100%**

BPCE25 – BREAKDOWN OF INVESTOR AND SPONSOR SECURITIZATION EXPOSURES IN THE TRADING BOOK

	12/31/2021		12/31/2020	
as a%	**Standard & Poor's equivalent rating**	**Banking book**	**Standard & Poor's equivalent rating**	**Banking book**
	AAA	48%	AAA	77%
	AA+	5%	AA+	2%
	AA-	10%	AA-	4%
	AA-	2%	AA-	1%
	A+	2%	A+	2%
	A	3%	A	1%
	A-	1%	A-	0%
	BBB+	0%	BBB+	0%
	BBB	1%	BBB	0%
Investment grade	BBB-	1%	BBB-	0%
	BB+	0%	BB+	0%
	BB	2%	BB	1%
	BB-	2%	BB-	0%
	B+	0%	B+	0%
	B	0%	B	0%
	B-	0%	B-	0%
	CCC+	0%	CCC+	0%
	CCC	0%	CCC	0%
	CCC-	0%	CCC-	0%
	CC	7%	CC	0%
Non-investment grade	C	0%	C	0%
Not rated	Not rated	17%	Not rated	11%
Default	D	0%	D	0%
TOTAL		**100%**		**100%**

7.4 Detailed quantitative disclosures

Banking book

EU SEC1 – BANKING BOOK – SECURITIZATION EXPOSURES

	12/31/2021											
	Institution acts as originator				Institution acts as sponsor				Institution acts as investor			
	Traditional				Traditional				Traditional			
in millions of euros	STS	Non-STS	Synthetic	Sub-total	STS	Non-STS	Synthetic	Sub-total	STS	Non-STS	Synthetic	Sub-total
Total exposures	**-**	**402**	**2,137**	**2,539**	**942**	**8,783**	**-**	**9,725**	**434**	**5,676**	**88**	**6,198**
Retail (total)	*-*	*69*	*-*	*69*	*-*	*2,063*	*-*	*2,063*	*434*	*4,771*	*88*	*5,294*
Residential mortgage loans	*-*	*69*	*-*	*69*	*-*	*1,867*	*-*	*1,867*	*434*	*2,515*	*-*	*2,950*
Credit cards	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*1,984*	*-*	*1,984*
Other retail exposures	-	-	-	-	-	196	-	196	0	272	88	360
Re-securitization	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Wholesale (total)	***-***	***333***	***2,137***	***2,470***	***942***	***6,720***	***-***	***7,662***	***-***	***905***	***-***	***905***
Corporate loans	*-*	*17*	*2,127*	*2,145*	*-*	*5,499*	*-*	*5,499*	*-*	*546*	*-*	*546*
Commercial mortgage loans	*-*	*315*	*9*	*325*	*-*	*-*	*-*	*-*	*-*	*11*	*-*	*11*
Leases and receivables	-	-	-	-	942	809	-	1,751	-	78	-	78
Other wholesale exposures	-	-	-	-	-	412	-	412	-	270	-	270
Re-securitization	-	-	-	-	-	-	-	-	-	0	-	0

	12/31/2020											
	Originator				Sponsor				Investor			
	Traditional				Traditional				Traditional			
in millions of euros	STS	Non-STS	Synthetic	Sub-total	STS	Non-STS	Synthetic	Sub-total	STS	Non-STS	Synthetic	Sub-total
Retail (total)	**-**	**83**	**-**	**83**	**-**	**-**	**-**	**-**	**548**	**4,661**	**-**	**5,209**
Residential mortgage loans	-	83	-	83	-	-	-	-	321	2,690	-	3,011
Credit cards	-	-	-	-	-	-	-	-	228	1,971	-	2,198
Other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
Re-securitization	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale (total)	**-**	**315**	**2,372**	**2,687**	**927**	**7,839**	**-**	**8,766**	**-**	**1,292**	**0**	**1,292**
Corporate loans	-	18	2,372	2,390	-	5,061	-	5,061	-	626	-	626
Commercial mortgage loans	-	297	-	297	-	-	-	-	-	52	-	52
Leases and receivables	-	-	-	-	250	-	-	250	-	413	0	413
Other wholesale exposures	-	-	-	-	677	2,778	-	3,456	-	201	-	201
Re-securitization	-	-	-	-	-	-	-	-	-	0	-	0

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EU SEC3 – BANKING BOOK – SECURITIZATION EXPOSURES AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS (ORIGINATOR AND SPONSOR POSITIONS)

	12/31/2021																
	Exposure values (by RW bands/deductions)					Exposure value (by regulatory approach)				RWAs (by regulatory approach)				Capital requirement after application of the cap			
in millions of euros	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1,250% RW	1,250%/ deductions	SEC-IRBA	SEC-IRBA (Incl. IAA)	SEC-SA	1,250%/ deductions	SEC-IRBA	SEC-IRBA (Incl. IAA)	SEC-SA	1,250%/ RW Deductions	SEC-IRBA	SEC-IRBA (Incl. IAA)	SEC-SA	1,250%/ RW Deductions
Total exposures	**11,563**	**650**	**1**	**23**	**26**	**2,321**	**275**	**9,644**	**24**	**387**	**108**	**1,326**	**303**	**31**	**9**	**106**	**24**
Traditional transactions	**9,901**	**175**	**1**	**23**	**26**	**184**	**275**	**9,644**	**24**	**38**	**108**	**1,326**	**303**	**3**	**9**	**106**	**24**
Securitization	9,901	175	1	23	26	184	275	9,644	24	38	108	1,326	303	3	9	106	24
Retail	2,014	118	-	-	-	0	0	2,132	0	-	-	342	-	-	-	27	-
Of which STS	-	-	-	-	-	-	-	0	-	-	-	-	-	-	-	-	-
Wholesale	7,887	57	1	23	26	184	275	7,512	24	38	108	984	303	3	9	79	24
Of which STS	942	-	-	-	-	-	-	942	-	-	-	92	-	-	-	7	-
Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Synthetic transactions	**1,662**	**475**	**-**	**0**	**0**	**2,137**	**-**	**-**	**0**	**349**	**-**	**-**	**0**	**28**	**-**	**-**	**0**
Securitization	1,662	475	-	0	0	2,137	-	-	0	349	-	-	0	28	-	-	0
Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wholesale	1,662	475	-	0	0	2,137	-	-	0	349	-	-	0	28	-	-	0
Re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	12/31/2020																
	Exposure values (by range of risk weight					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital requirement after cap			
in millions of euros	≤ 20%	> 20% to 50%	> 50% to 100%	> 100% to <1250%	1,250%	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1,250%	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1,250%	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1,250%
Total exposures	**1,815**	**22**	**851**	**51**	**8,798**	**2,525**	**445**	**8,542**	**25**	**823**	**283**	**1,233**	**309**	**66**	**23**	**99**	**25**
Traditional securitization	**289**	**22**	**5**	**51**	**8,798**	**153**	**445**	**8,542**	**25**	**34**	**283**	**1,233**	**309**	**3**	**23**	**99**	**25**
Of which securitization	*289*	*22*	*5*	*51*	*8,798*	*153*	*445*	*8,542*	*25*	*34*	*283*	*1,233*	*309*	*3*	*23*	*99*	*25*
of which Retail underlying	74	9	-	0	0	-	-	83	-	-	0	5	0	-	0	0	0
of which STS	-	-	-	-	-	-	-	-	-	-	0	-	-	-	0	-	-
of which Wholesale underlying	215	12	5	51	8,798	153	445	8,459	25	34	283	1,228	308	3	23	98	25
of which STS	-	-	-	-	927	-	-	927	-	-	-	86	-	-	-	7	-
Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Synthetic securitization	**1,526**	**-**	**846**	**-**	**0**	**2,372**	**-**	**-**	**0**	**789**	**-**	**-**	**0**	**63**	**-**	**-**	**0**
Of which securitization	*1,526*	-	*846*	-	*0*	*2,372*	-	-	*0*	*789*	-	-	*0*	*63*	-	-	*0*
of which Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which Wholesale underlying	1,526	-	846	-	0	2,372	-	-	0	789	-	-	0	63	-	-	0
Of which re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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EU SEC4 – BANKING BOOK – SECURITIZATION EXPOSURES AND RELATED REGULATORY CAPITAL REQUIREMENTS (INVESTOR POSITIONS)

	12/31/2021																
	Exposure values (by RW bands/deductions)					Exposure value (by regulatory approach)				RWAs (by regulatory approach)				Capital requirement after cap			
in millions of euros	≤ 20% RW	> 20% to 50% RW	> 50% to 100% RW	> 100% to <1250% RW	1,250% RW	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1,,250%	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1,250%	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1,250%
Total exposures	**4,482**	**1,155**	**182**	**377**	**3**	**-**	**4,555**	**1,641**	**3**	**-**	**1,673**	**270**	**33**	**-**	**134**	**22**	**3**
Traditional securitization	**4,393**	**1,155**	**182**	**377**	**3**	**-**	**4,555**	**1,552**	**3**	**-**	**1,673**	**257**	**33**	**-**	**134**	**21**	**3**
Securitization	4,393	1,155	182	377	3	-	4,555	1,552	3	-	1,673	257	32	-	134	21	3
Retail underlying	3,529	1,136	180	358	1	-	4,449	755	1	-	1,615	137	16	-	129	11	1
Of which STS	434	-	-	-	-	-	433	1	-	-	43	0	-	-	3	0	-
Wholesale	864	18	2	19	1	-	106	797	1	-	57	120	15	-	5	10	1
Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Re-securitization	-	-	-	-	0	-	-	-	0	-	-	-	1	-	-	-	0
Synthetic securitization	**88**	**-**	**-**	**-**	**-**	**-**	**-**	**88**	**-**	**-**	**-**	**13**	**-**	**-**	**-**	**1**	**-**
Securitization	88	-	-	-	-	-	-	88	-	-	-	13	-	-	-	1	-
Retail underlying	88	-	-	-	-	-	-	88	-	-	-	13	-	-	-	1	-
Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Re-securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	12/31/2020																
	Exposure values (by range of risk weight					Exposure values (by regulatory approach)				RWAs (by regulatory approach)				Capital requirement after cap			
in millions of euros	≤ 20% RW	> 20% to 50% RW	> 50% to 100% RW	> 100% to <1250% RW	1,250% RW	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1,250%	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1,250%	IRB RBA (including IAA)	IRB SFA	SA/ SSFA	1,250%
Total exposures	**4,130**	**1,573**	**630**	**163**	**5**	**-**	**4,632**	**1,867**	**2**	**-**	**1,803**	**361**	**68**	**-**	**144**	**29**	**5**
Traditional securitization	**4,130**	**1,573**	**630**	**163**	**5**	**-**	**4,632**	**1,867**	**2**	**-**	**1,803**	**361**	**68**	**-**	**144**	**29**	**5**
Of which securitization	*4,130*	*1,573*	*630*	*163*	*5*	*-*	*4,632*	*1,867*	*2*	*-*	*1,803*	*361*	*66*	*-*	*144*	*29*	*5*
of which Retail underlying	3,070	1,501	526	112	0	-	4,380	829	0	-	1,509	200	3	-	121	16	0
of which STS	548	-	-	-	-	-	526	22	-	-	53	2	-	-	4	0	-
of which Wholesale underlying	1,060	72	103	51	5	-	253	1,038	2	-	293	162	64	-	23	13	5
of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which re-securitization	-	-	-	-	0	-	-	-	0	-	-	-	2	-	-	-	0
Synthetic securitization	**-**	**-**	**-**	**-**	**0**	**-**	**-**	**-**	**0**	**-**	**-**	**-**	**0**	**-**	**-**	**-**	**0**
Of which securitization	*-*	*-*	*-*	*-*	*0*	*-*	*-*	*-*	*0*	*-*	*-*	*-*	*0*	*-*	*-*	*-*	*0*
of which Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which Wholesale underlying	-	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-	0
Of which re-securitization	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*

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BPCE26 – BANKING BOOK – BREAKDOWN OF SECURITIZATION OUTSTANDINGS

	12/31/2021				12/31/2020			
	Securitization	Re-securitization	Securitization	Re-securitization	Securitization	Re-securitization	Securitization	Re-securitization
in millions of euros	EAD	EAD	RWAs	RWAs	EAD	EAD	RWAs	RWAs
Investor positions	**6,198**	**0**	**1,975**	**1**	**6,501**	**0**	**2,230**	**2**
On-balance sheet exposures	5,397	0	1,796	0	5,267	0	2,005	1
Off-balance sheet exposure and derivatives	802	0	179	1	1,234	0	225	1
Originator positions	**2,539**	**-**	**795**	**-**	**2,771**	**-**	**1,265**	**-**
On-balance sheet exposures	2,531	-	792	-	2,762	-	1,260	-
Off-balance sheet exposure and derivatives	8	-	3	-	9	-	5	-
Sponsor positions	**9,725**	**-**	**1,329**	**-**	**8,766**	**-**	**1,382**	**-**
On-balance sheet exposures	0	-	0	-	0	-	0	-
Off-balance sheet exposure and derivatives	9,725	-	1,329	-	8,766	-	1,382	-
TOTAL	**18,462**	**0**	**4,098**	**1**	**18,038**	**0**	**4,878**	**2**

Trading book

EU SEC 2 – TRADING BOOK – SECURITIZATION EXPOSURES

	12/31/2021								
	Institution acts as originator			Institution acts as sponsor			Institution acts as investor		
in millions of euros	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
Total exposures	**-**	**-**	**-**	**-**	**-**	**-**	**793**	**-**	**793**
Retail (total)	-	-	-	-	-	-	507	-	507
Residential mortgage loans	-	-	-	-	-	-	351	-	351
Credit cards	-	-	-	-	-	-	126	-	126
Other retail exposures	**-**	**-**	**-**	**-**	**-**	**-**	**30**	**-**	**30**
Re-securitization	-	-	-	-	-	-	-	-	-
Wholesale (total)	-	-	-	-	-	-	286	-	286
corporate loans	-	-	-	-	-	-	208	-	208
Commercial mortgage loans	-	-	-	-	-	-	30	-	30
Leases and advances	-	-	-	-	-	-	47	-	47
Other wholesale exposures	-	-	-	-	-	-	1	-	1
Re-securitization	-	-	-	-	-	-	-	-	-

	12/31/2020								
	Originator			Sponsor			Investor		
in millions of euros	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
Retail (total)	**-**	**-**	**-**	**-**	**-**	**-**	**540**	**-**	**540**
Residential mortgage loans	-	-	-	-	-	-	294	-	294
Credit cards	-	-	-	-	-	-	246	-	246
Other retail exposures	-	-	-	-	-	-	-	-	-
Re-securitization	-	-	-	-	-	-	-	-	-
Wholesale (total)	**-**	**-**	**-**	**-**	**-**	**-**	**155**	**-**	**155**
Corporate loans	-	-	-	-	-	-	86	-	86
Commercial mortgage loans	-	-	-	-	-	-	-	-	-
Leases and receivables	-	-	-	-	-	-	-	-	-
Other wholesale exposures	-	-	-	-	-	-	-	-	-
Re-securitization	-	-	-	-	-	-	1	-	1

Pillar III 2020 publication – CRR1 format.

EU SEC5 – SECURITIZATION EXPOSURES – DEFAULTED EXPOSURES AND SPECIFIC CREDIT RISK ADJUSTMENTS

	12/31/2021		
	Exposures securitized by the institution – Institution acts as originator or as sponsor		
	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
in millions of euros		Of which exposures in default	
Total exposures	**15,958**	**110**	**0**
Retail (total)	1,499	11	-
residential mortgage loans	1,307	1	-
credit cards	-	-	-
other retail exposures	192	11	-
re-securitization	-	-	-
Wholesale (total)	14,459	99	0
corporate loans	6,321	91	0
commercial mortgage loans	6,474	-	-
leases and advances	1,402	7	-
other wholesale exposures	263	-	-
re-securitization	-	-	-

8

MARKET RISKS

8.1 Market risk policy

Risk policies governing market transactions are defined by the Risk divisions of institutions with trading activities. These policies are based on a qualitative and forward-looking perspective.

In addition, for banking book activities, investment policies are defined at Group level and reviewed centrally for Group institutions with market risk activities. The risk management framework related to this activity is defined in accordance with investment policies and is reviewed annually.

8.2 Market risk management

The Risk division works in the areas of risk measurement, definition and oversight of limits, and supervision of market risks. It is tasked with the following duties:

Risk measurement:

- establishing the principles of market risk measurement, which are then validated by the various appropriate Risk Committees;
- implementing the tools needed to measure risk on a consolidated basis;
- producing risk measurements, including those corresponding to operational market limits, or ensuring that they are produced as part of the risk management process;
- determining policies for adjusting values or delegating them to the Risk divisions of the relevant institutions and centralizing the information;
- performing Level 2 validation of operating results and cash valuation methods.

Definition and oversight of limits:

- examining the limit framework and setting limits (global caps and, where necessary, operational limits) adopted by the various appropriate Risk Committees, as part of the comprehensive risk management process;
- examining the list of authorized products for the relevant institutions and the conditions to be observed, and submitting them for approval to the appropriate Market Risk Committee;
- examining requests for investments in financial products, or in new capital market products or activities, by the relevant banking institutions;
- harmonizing processes used to manage trading book allocations and medium- to long-term portfolios of the Banque Populaire and Caisse d'Epargne networks (indicators, definition of indicator limits, oversight and control process, and reporting standards).

For the monitoring and control of market risks:

- consolidating the mapping of Group market risks and contributing to the macro-risk mapping of Group and institution risks;
- performing or overseeing daily supervision of positions and risks with respect to allocated limits (overall and operational limits) and established resilience thresholds, organizing the decision-making framework for limit breaches and performing or overseeing permanent supervision of limit breaches and their resolution;
- preparing the consolidated dashboard for the various decision-making bodies;
- defining and performing controls.

In addition, the Risk division coordinates the market risk management process by organizing national market risk days, regular audio sessions or theme-based working groups.

8

HIGHLIGHTS

Following the Covid-19 health crisis, the Risk division reviewed the stress tests applied to the Group's non-operating real estate portfolio.

Risk monitoring

The Risk division is responsible for monitoring the risks associated with all Groupe BPCE capital market activities, subject to regular review by the Group Market Risk Committee.

Within the scope of the trading book, market risk is monitored daily by measuring Group Value at Risk (VaR) and performing global and historical stress tests. The proprietary VaR calculation system developed by Natixis is used by the Group. This system provides a tool for the measurement, monitoring and control of market risk at the consolidated level and for each institution, on a daily basis and taking account of correlations between the various portfolios. There are certain distinctive characteristics of Groupe BPCE that must be considered, in particular:

- for Natixis: given the size of its capital markets business, Natixis' risk management system is specifically tailored to this entity;
- for the Banque Populaire network: only BRED Banque Populaire has a capital markets business. It monitors the financial transactions carried out by the Banque Populaire network trading floor and Finance division daily, using 99% 1-day Value at Risk, sensitivity, volume and stress scenario indicators;
- for Banque Palatine: daily monitoring of trading book activities is based on the Risk division's supervision of 99% 1-day Value at Risk, stress tests and compliance with regulatory limits.

All limits (operational indicators, VaR, and stress tests) are monitored daily by each institution's Risk division. Any limit breaches must be reported and, where applicable, are subject to a Management decision concerning the position in question (close, hedge, hold, etc.).

These supervisory mechanisms also have operational limits and resilience thresholds that determine the Group's risk appetite for trading operations.

Banking book risk is supervised and monitored by activity: liquidity reserves, illiquid assets (private equity, non-operational real estate), securitizations and liquid assets excluding liquidity reserves. Liquidity reserves and liquid assets excluding liquidity reserves are monitored monthly, mainly *via* stress test indicators. Illiquid assets and securitizations are monitored quarterly.

The Group's single treasury and central bank collateral management pool is subject to daily monitoring of risks and economic results for all of its activities, which are mainly related to the banking book.

8.3 Market risk measurement methods

From a prudential standpoint, Groupe BPCE uses the standardized approach to measure market risk. The risk monitoring system relies on three types of indicators used to manage activity, on an overall basis and by similar activity, by focusing on directly observable criteria, including:

- sensitivity to variations in the underlying instrument, variations in volatility or to correlation, nominal amounts, and diversification indicators. The limits corresponding to these qualitative and quantitative operational indicators thus complement the VaR limits and stress tests;
- daily assessment of global market risk measurement through a 99% 1-day VaR;
- stress tests to measure potential losses on portfolios in extreme market conditions. The Group system relies on comprehensive stress tests and specific stress tests for each activity.

Special reports on each business line are sent daily to the relevant operational staff and managers. BPCE's Risk division also provides a weekly report summarizing all of the Group's market risk, with a detailed breakdown for Natixis, BRED Banque Populaire and Banque Palatine.

In addition, for Natixis, global market risk reports are sent to the central institution on a daily basis. The latter produces a weekly summary of market risk indicators and results for the Group's executive management.

Finally, a global review of Groupe BPCE's consolidated market risks (covering VaR measures and hypothetical/historic stress scenarios) is presented to the Group Market Risk Committee, in addition to risk reports prepared for the entities.

In response to the Revised Pillar III Disclosure Requirements (Table MRB: Qualitative disclosures for banks using the Internal Models Approach), the main characteristics of the various models used for market risk are presented in the Natixis Registration Document.

Sensitivities

Each institution's Risk division monitors and verifies compliance with sensitivity limits on a daily basis. If a limit is breached, an alert procedure is triggered in order to define the measures required to return within operational limits.

8

VaR

Market risk is also monitored and assessed *via* synthetic VaR calculations, which determine potential losses generated by each business line at a given confidence level (99%) and over a given holding period (one day). For calculation purposes, changes in market inputs used to determine portfolio values are modeled using statistical data.

All decisions relating to risk factors using the internal calculation tool are revised regularly by committees involving all of the relevant participants (Risk division, Front Office and Results department). Quantitative and objective tools are also used to measure the relevance of risk factors.

VaR is based on numerical simulations, using a Monte-Carlo method which takes into account possible non-linear portfolio returns based on the different risk factors. It is calculated and monitored daily for all Group trading books, and a VaR limit is defined on a global level and per business line. The calculation tool generates 10,000 scenarios, which provides satisfactory precision levels. For certain complex products, which account for a minor share of the trading books, their inclusion in the VaR calculation is obtained by using sensitivities. VaR backtesting is carried out on approved scopes and confirms the overall robustness of the model used. Extreme risks, which are not included in VaR, are accounted for using stress tests throughout the Group.

This internal VaR model used by Natixis was approved by the *Autorité de contrôle prudentiel et de résolution* (ACPR), the French prudential supervisory authority for the banking and insurance sector, in January 2009. Natixis thus uses VaR to calculate capital requirements for market risks in approved scopes.

Stress tests

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. Twelve historical stress tests have been in place since 2010;
- 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 based on scenarios defined according to economic criteria (real estate crisis, economic crisis, etc.), geopolitical considerations (terrorist attacks in Europe, toppling of a regime in the Middle East, etc.) or other factors (bird flu, etc.). The group has had seven theoretical stress tests since 2010.

Banking book stress tests are calibrated over a longer period in line with the banking book's management periods:

- a bond stress test calibrated using a mixed hypothetical-historical approach that reproduces a stress on European sovereigns (similar to the 2011 crisis);
- a bond stress test calibrated using a mixed hypothetical-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.

The different stress tests are subject to limits set by the institution. These are monitored as part of the recurring control system and through regular reporting.

Independent price verification

The Group has established an organizational structure tasked with independent price verification (IPV) through:

- creation of a Group valuation team in the Market Risk division;
- Group governance to ensure compliance.

The Valuation Team is responsible for:

- meeting regulatory requirements and implementing said requirements while assessing their impacts on the production and verification of new indicators;
- standardizing and harmonizing the production, certification and communication of market inputs used in valuation processes;
- coordinating and overseeing valuation processes group-wide, in order to guarantee the convergence of IPV methods and principles;
- harmonizing fair value level processes across the Group.

Group governance is based in particular on:

- a supervision system centered on the Group Valuation Committee and the Group Fair Value Level Committee;
- a body of procedures, including the Group IPV procedure, which explains the validation and escalation system.

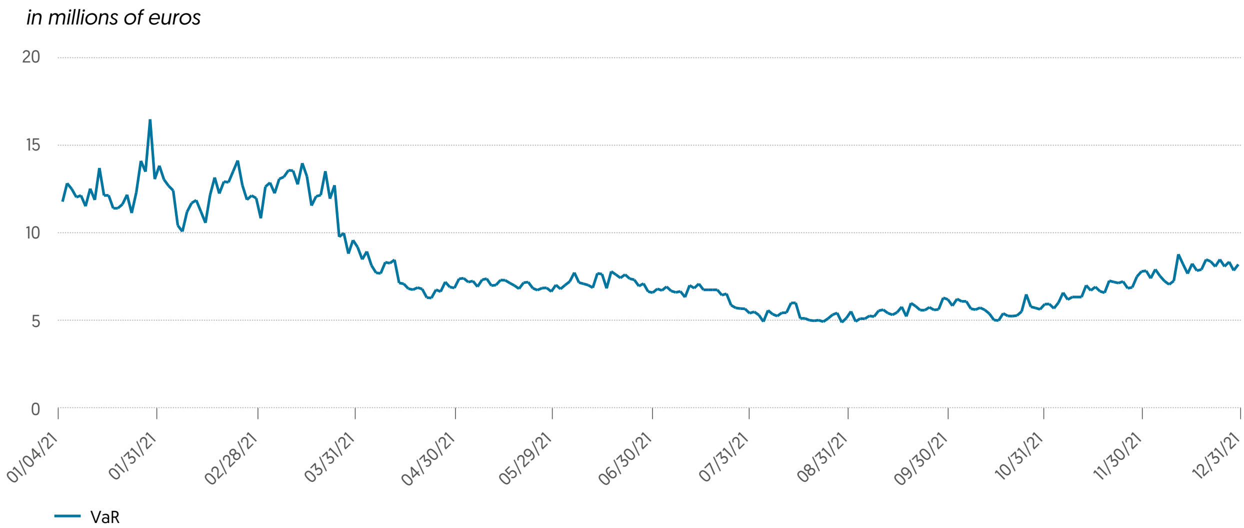
8.4 Quantitative disclosures

Groupe BPCE VaR

BPCE27 – BREAKDOWN BY RISK CLASS

	Monte-Carlo VaR 99%				
in millions of euros	12/31/2021	average	min	max	12/31/2020
Equity risk	6.3	6.9	2.3	14	10.9
Foreign exchange risk	2.9	2	0.3	11	3
Commodity risk	0.8	1.3	0.2	2.9	1.2
Credit risk	0.9	1.5	0.2	3.6	1.7
Interest rate risk	4.7	3	1.7	5.7	3.4
TOTAL	**15.6**	**0**	**0**	**0**	**20.2**
Compensation effect	(7.3)	0	0	0	(8.1)
Consolidated VaR	**8.3**	**8.1**	**4.9**	**16.8**	**12.1**

BPCE28 – CHANGE



At December 31, 2021, consolidated VaR (Monte-Carlo 99% – 1 day) for Groupe BPCE trading operations amounted to €8.3 million, down by €3.8 million over the year.

Trading book stress test results

BPCE29 – MAIN HYPOTHETICAL STRESS TESTS

	12/31/2021					
in millions of euros	Liquidity crisis	Increase in interest rates	Default by a bank	Commodities	Emerging crisis	Default by an influential corporation
Natixis	130	2	35	34	(37)	(6)
BRED	(23)	(14.5)	(25.7)	(27.8)	(11)	(5.1)
BPCE	**107**	**(12.5)**	**9.3**	**6.2**	**(48)**	**(11.1)**

At December 31, 2021, the most sensitive hypothetical global stress test is the emerging markets crisis scenario (with an impact of -€48 million at Group level).

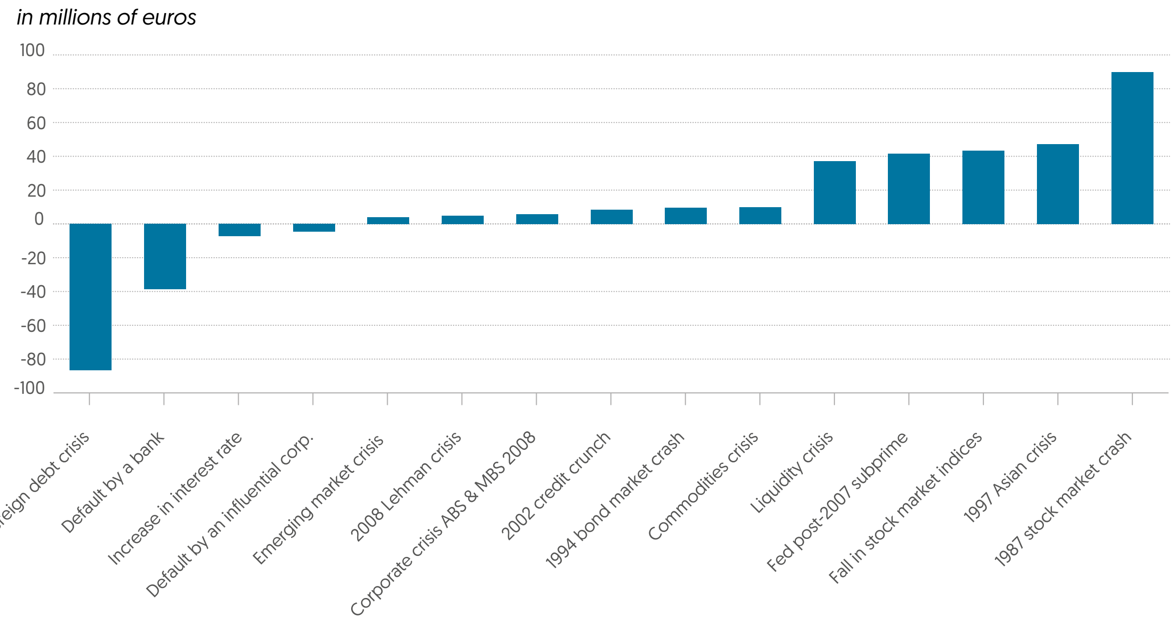
BPCE30 – MAIN HISTORICAL STRESS TESTS

	12/31/2021			
in millions of euros	2011 sovereign debt crisis	Subprime 07	ABS & MBS 08	08 Lehman
Natixis	(40)	27	5	37
BRED	(11.7)	(13)	(16.4)	(11)
BPCE	**(51.7)**	**14**	**(11.4)**	**26**

The Scenario of September 11 is no longer considered in the Group system since 10/21/21.

At December 31, the historical scenario with the greatest impact for the Group is the 2011 sovereign crisis scenario (with an impact of -€51.7 million at Group level, largely borne by the Natixis entity).

BPCE31 – GROUP STRESS TEST AVERAGE



At Group level, the scenario with the greatest impact in 2021 is the sovereign crisis scenario.

Risk-weighted assets and capital requirements

BPCE32 – RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS BY TYPE OF RISK – VERIFICATION OF FIGURES

	12/31/2021		12/31/2020	
in millions of euros	**RWAs**	**Capital requirements**	**RWAs**	**Capital requirements**
Interest rate risk	2,729	218	1,923	154
Equity risk	822	66	558	45
UCI position risk	73	6	32	3
Exchange rate risk	3,708	297	3,413	273
Commodity risk	1,725	138	1,179	94
Settlement/delivery risk	11	1	6	0
Major trading book risks	-	-	-	-
Specific risk on securitization positions	514	41	187	15
IMA Risk	5,571	446	7,147	572
TOTAL	**15,153**	**1,212**	**14,445**	**1,155**

BPCE 33 – CHANGE IN RWAS BY EFFECT

in billions of euros	
Market risks – 12/31/2020 adjusted amount	**14.4**
Standard	9.6
Internal model	5.6
VaR	1.2
SVaR	4.1
IRC	0.3
MARKET RISKS – 12/31/2021	**15.1**

8.5 Detailed quantitative disclosures

The detailed quantitative disclosures relating to market risk in the following tables enhance the information in the previous section in respect of Pillar III.

Breakdown of risk-weighted assets with respect to market risks by approach

EU MR1 – MARKET RISK UNDER THE STANDARDIZED APPROACH

	12/31/2021	12/31/2020
in millions of euros	RWAs	RWAs
Outright products		
Interest rate risk (general and specific)	2,611	1,833
Equity risk (general and specific)	747	395
Exchange rate risk	3,604	3,364
Commodity risk	1,666	1,121
Options		
Simplified approach	-	-
Delta-plus approach	172	153
Scenario approach	257	240
Securitization	514	187
TOTAL	**9,571**	**7,292**

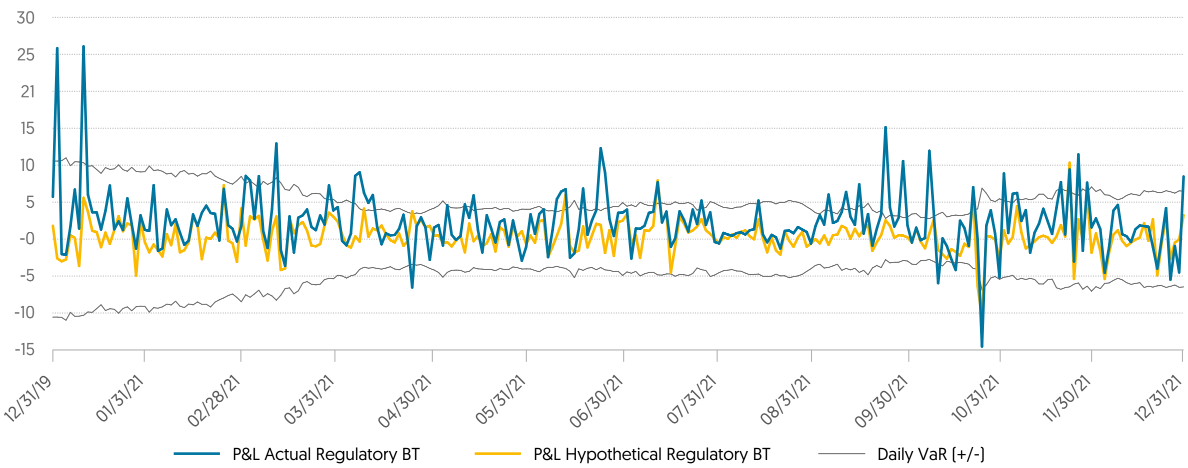
Detailed information on market risks within the Natixis scope

EU MR3 – INTERNAL MODEL APPROACH (IMA) VALUES FOR TRADING BOOKS

in millions of euros	12/31/2021	12/31/2020
VAR (10 DAYS 99%)		
Maximum value	35	98
Average value	18	48
Minimum value	9	24
Period end	21	33
SVAR (10 DAYS 99%)		
Maximum value	77	123
Average value	54	80
Minimum value	37	46
Period end	57	70
IRC (99.9%)		
Maximum value	37	27
Average value	18	14
Minimum value	12	9
Period end	13	19

EU MR4 – COMPARISON OF VAR ESTIMATES WITH PROFIT/LOSS

The chart below shows the backtesting (*a posteriori* comparison of the potential loss), as calculated ex-ante by the VaR (99% 1-day), with the hypothetical results and the actual results observed in profit or loss) on the regulatory scope and enables the robustness of the VaR indicator to be verified:



In 2021, there were four actual backtesting exceptions and two hypothetical Natixis regulatory level backtesting events.

Four actual backtesting exceptions were recorded in 2021, on April 29 and October 14, 20 and 28. They are due, on the one hand, to fair value adjustments which are calculated on an *ad hoc* basis and which may thus generate significant impacts on net banking income, and on the other hand, to losses linked to the strong market movements observed on interest rates in October.

The two hypothetical backtesting events were recorded on October 27 and 28.

EU MR2A – MARKET RISK UNDER THE INTERNAL MODELS APPROACH (IMA)

	12/31/2021	
in millions of euros	**RWAs**	**Capital requirements**
VaR (higher of values a and b)	**1,223**	**98**
Previous day's VaR (VaR t-1)	-	23
Multiplication factor (mc) x average of previous 60 working days (VaRavg)	-	98
SVaR (higher of values a and b)	**4,082**	**327**
Latest available SVaR (SVaR t-1))	-	62
Multiplication factor (ms) x average of previous 60 working days (SVaRavg)	-	327
IRC (higher of values a and b)	**267**	**21**
Most recent IRC measure	-	19
12 weeks average IRC measure	-	21
Comprehensive risk measure (higher of values a, b and c)	**-**	**-**
Most recent risk measure of comprehensive risk measure	-	-
12 weeks average of comprehensive risk measure	-	-
Comprehensive risk measure Floor	-	-
Other	-	-
TOTAL	**5,571**	**446**

in millions of euros	12/31/2020 RWAs	Capital requirements
VaR (higher of values a and b)	**2,240**	**179**
Previous day's VaR (VaR t-1)	-	35
Multiplication factor (mc) x average of previous 60 working days (VaRavg)	-	179
SVaR (higher of values a and b)	**4,473**	**358**
Latest available SVaR (SVaR t-1))	-	75
Multiplication factor (ms) x average of previous 60 working days (SVaRavg)	-	358
IRC (higher of values a and b)	**434**	**35**
Most recent IRC measure	-	35
12 weeks average IRC measure	-	34
Comprehensive risk measure (higher of values a, b and c)	**-**	**-**
Most recent risk measure of comprehensive risk measure	-	-
12 weeks average of comprehensive risk measure	-	-
Comprehensive risk measure Floor	-	-
Other	-	-
TOTAL	**7,147**	**572**

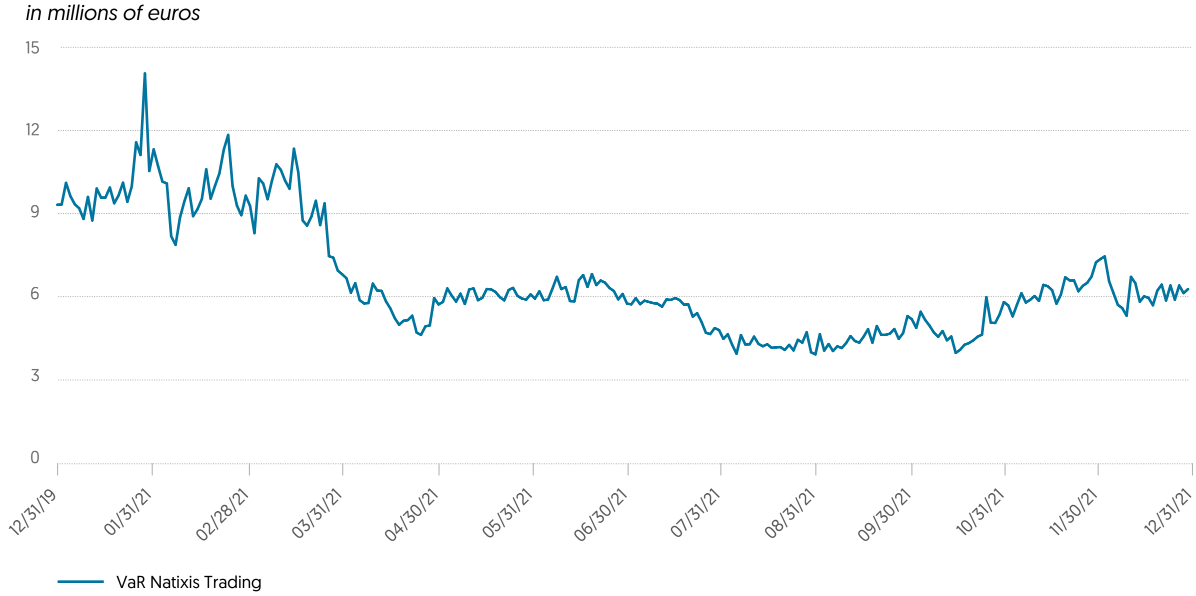
EU MR2-B – RWA FLOW STATEMENTS FOR MARKET RISK EXPOSURES UNDER THE INTERNAL MODELS APPROACH (IMA)

	12/31/2021						
in millions of euros	**VaR**	**SVaR**	**IRC**	**Overall risk measurement**	**Other**	**Total risk-weighted assets**	**Total capital requirements**
RWEA at the end of the previous reporting period (6/30/2021)	**927**	**2,927**	**402**			**4,256**	**340**
Regulatory adjustments	*739*	*2,153*				*2,891*	*231*
RWEA at end of previous quarter (end of day)	*188*	*774*	*402*			*1,364*	*109*
Changes in risk levels	98	(2)	(167)			(71)	(6)
Model updates/modifications							
Methodology and policies							
Acquisitions and disposals							
Foreign exchange movements							
Other							
RWEA at end of the reporting period (end of day)	*286*	*772*	*235*			*1,293*	*103*
Regulatory adjustments	937	3,310	32			4,278	342
RWEA at the end of the reporting period (12/31/2021)	**1,223**	**4,082**	**267**			**5,571**	**446**

The effects are defined as follows:

- regulatory adjustment: delta between the RWAs used in the calculation of regulatory RWAs and the RWAs calculated on the last day of the period;
- changes in risk levels: changes related to market characteristics;
- model updates/modifications: changes linked to significant modifications of the model following an update of the calculation perimeter, the methodology, the assumptions or the calibration;
- methodology and policies: changes related to regulatory changes;
- acquisitions and disposals: changes following the purchase or disposal of business lines;
- foreign exchange movements: changes in the foreign exchange risk related to the reversal of the value of the VaR if it were exceptionally expressed in a currency other than the euro, the currency in which the VaR is calculated.

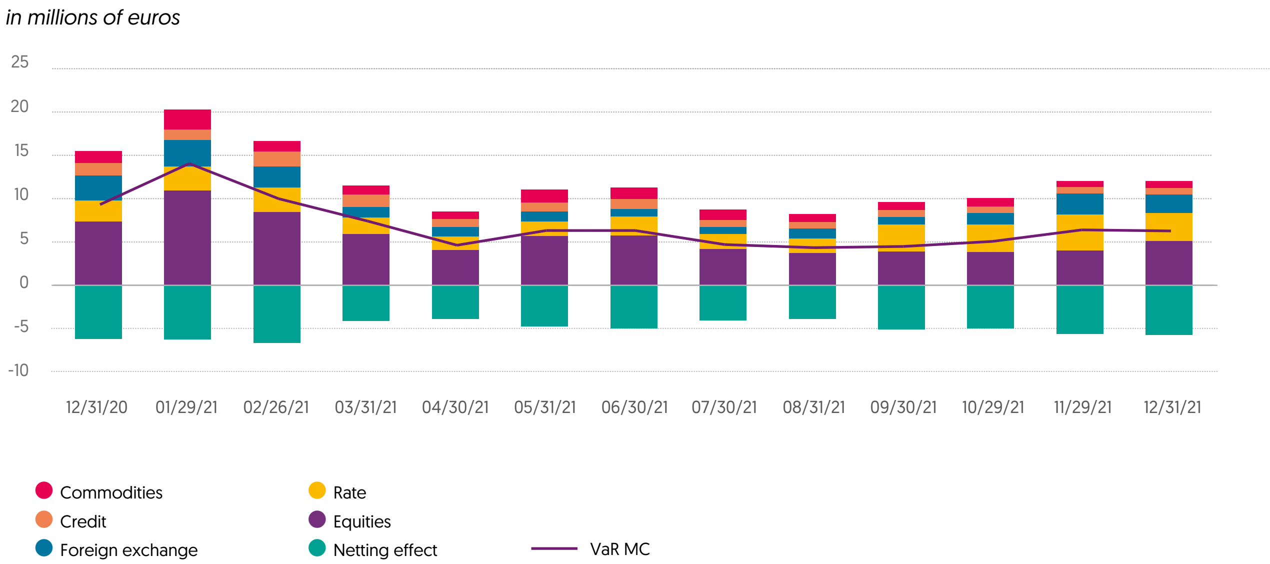
BPCE34 – NATIXIS GLOBAL VAR WITH GUARANTEE – TRADING BOOK (VAR 99% 1-DAY)



The VaR level of Natixis' trading books averaged €6.5 million, with a minimum of €3.9 million on September 3, 2021, a maximum of €14.1 million on January 29, 2021 and a value of €6.3 million on December 31, 2021.

The graph below shows the historical VaR on the trading books between December 31, 2020 and December 31, 2021, for the global scope.

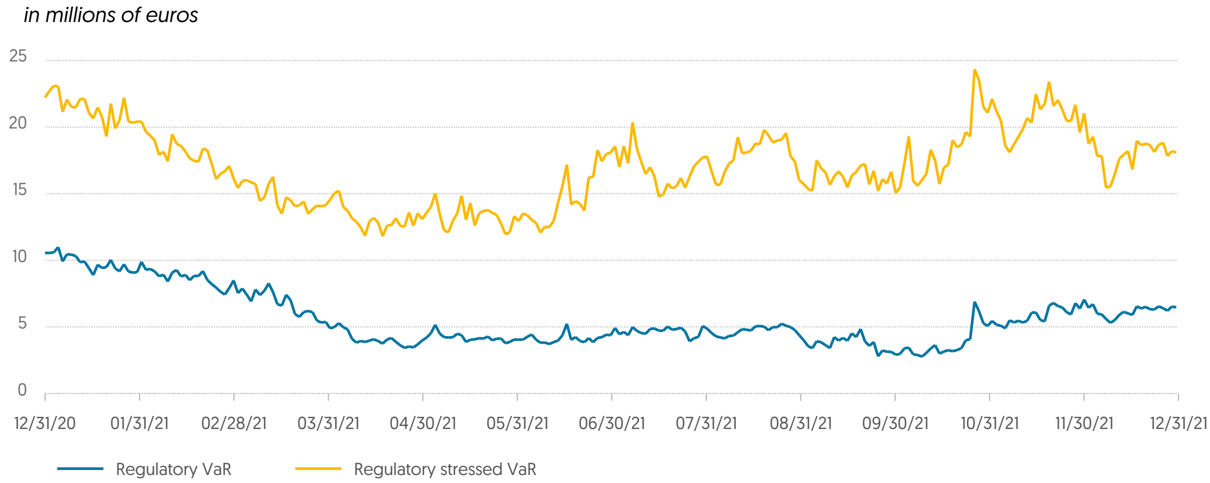
BPCE35 – BREAKDOWN BY RISK CLASS AND NETTING EFFECT



The peak in VaR observed in January is explained in particular by the increase in VaR on the perimeters composed mainly of equities due to the high volatility of the markets in the context of the Covid-19 crisis.

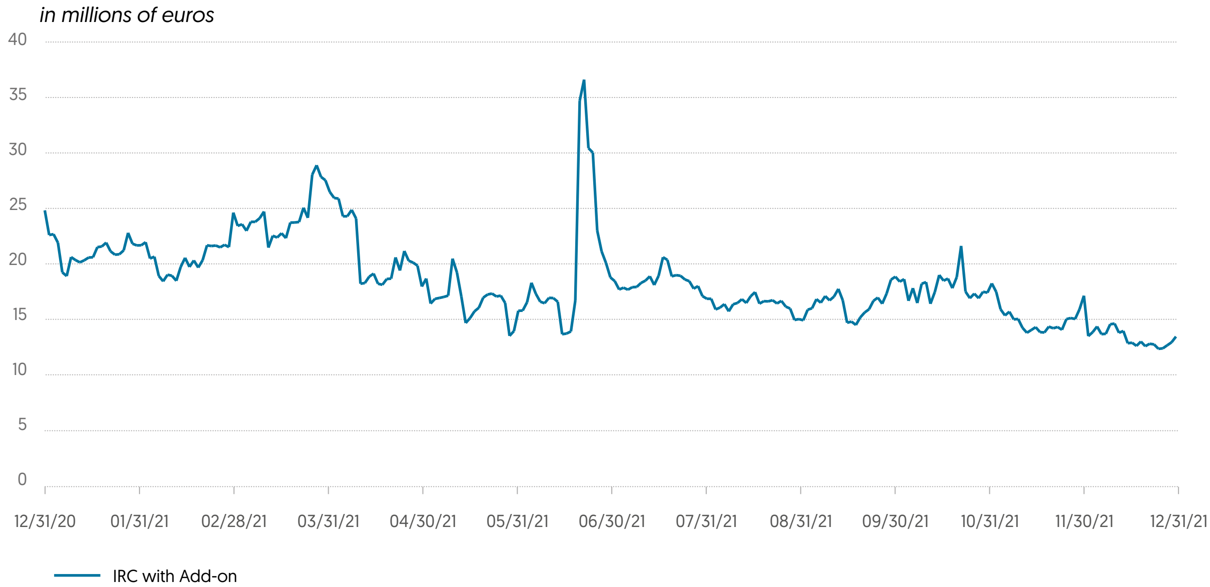
As of February, the VaR began to decline and will remain at a relatively low level due to an econometrics that no longer includes the shocks related to the Covid-19 crisis that occurred in early 2020.

BPCE36 – NATIXIS STRESSED VAR



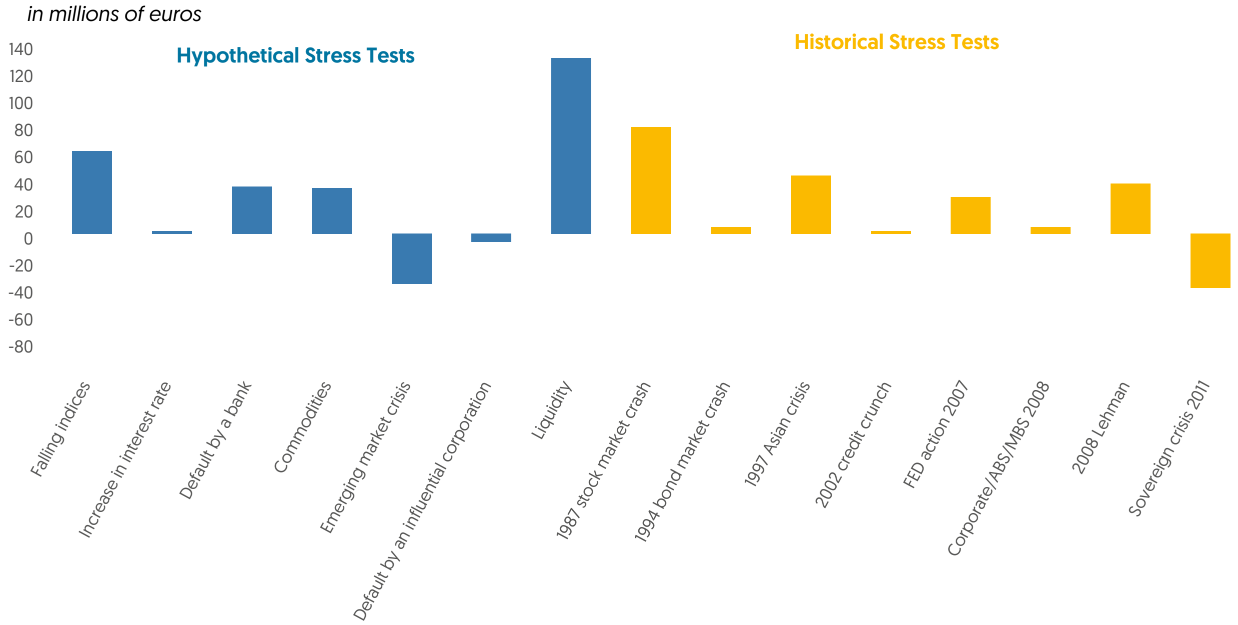
The level of stressed regulatory VaR averaged €16.9 million, with a reported minimum of €11.8 million on April 22, 2021, a maximum of €24.3 million on October 28, 2021, and a level of €18.1 million on December 31, 2021.

BPCE37 – IRC INDICATOR



This indicator covers the regulatory scope. Natixis’ IRC level averaged €18.4 million, with a recorded minimum of €12.3 million on December 27, 2021, a maximum of €36.6 million on June 25, 2021, and a value of €13.4 million on December 31, 2021.

BPCE38 – RESULTS OF STRESS TESTS ON NATIXIS' SCOPE



The average level of global stress tests at December 31, 2021 was +€25.2 million, compared with +€17.5 million at December 31, 2020.

The historical stress test reproducing the 2011 sovereign crisis leads to the maximum loss (-€40 million at December 31, 2021).

9

LIQUIDITY, INTEREST RATE AND FOREIGN EXCHANGE RISKS

9.1 Governance and structure

Like all credit institutions, Groupe BPCE is exposed to structural liquidity, interest rate and foreign exchange risks.

These risks are closely monitored by the Group and its institutions to secure immediate and future income, balance the balance sheets and promote the Group's development.

Groupe BPCE's Audit Committee and Supervisory Board are consulted on general ALM policy and are informed of major decisions taken regarding liquidity, interest rate and foreign exchange risk management. The implementation of the chosen policy is delegated to the Group Asset and Liability Management Committee.

Each year, Groupe BPCE's Supervisory Board validates the main lines of the ALM policy, *i.e.* the principles of market risk measurements and levels of risk tolerance. It also reviews the risk limit system each year.

Each quarter, Groupe BPCE's Audit Committee is informed of the Group's position through management reports containing the main risk indicators.

The Group Asset/Liability Management Committee, chaired by the Chairman of the BPCE Management Board, is responsible for the operational implementation of the defined policy. It meets every two months and its main duties are as follows:

- determine the Group's general policy on liquidity and transformation risk;
- examine the consolidated view of the structural risks of the Group and its various entities, as well as changes in the balance sheet;
- define the structural risk limits of the Group and the liquidity pools and monitor them (with approval by the DRCCP);
- approve the allocation to liquidity pools and the limits;
- monitor liquidity consumption at Group and liquidity pool level;
- approve the Groupe BPCE's global MLT and ST annual refinancing program and monitor it overall;
- approve the investment and allocation criteria as well as the desired overall profile of the Group's liquidity reserve.

The structural liquidity, interest rate and foreign exchange risk management policy is also jointly implemented by the Asset/Liability Management division (oversight of funding plan implementation, management of liquidity reserves, cash management, calculation and monitoring of the various risk indicators) and the Risk division (validation of the control framework, validation of models and agreements, controls of compliance with rules and limits). The Group Financial Management division and the Group Risk division are responsible for adapting this framework to their respective functions.

The adaptation of the operational management framework within each institution is subject to validation by the Board of Directors, the Steering Board and/or the Supervisory Board. Each institution has a special operational committee that oversees implementation of the funding strategy, Asset/Liability management and management of liquidity, interest rate and foreign exchange risks for the institution, in line with rules and limits set at Group level. The Banque Populaire and Caisse d'Epargne networks implement the risk management system using a shared Asset/Liability management tool.

9.2 Liquidity risk management policy

Liquidity risk is defined as the risk of the Group being unable to meet its commitments or to settle or offset a position, due to market conditions factors specific to Groupe BPCE, within a specified period and at a reasonable cost. It reflects the risk of not being able to meet net cash outflows over short- to long-term horizons.

Liquidity risk is assessed differently over the short-, medium- and long-term:

- in the short-term, it involves assessing an institution's ability to withstand a crisis;
- in the medium-term, liquidity is measured in terms of cash requirements;
- in the long-term, it involves monitoring the institution's maturity transformation level.

Liquidity risk is likely to materialize in the event of a decline in sources of financing that could be caused by a massive withdrawal of customer deposits or by problems in executing the annual financing plan following a widespread crisis of confidence on the markets or events specific to the Group. It could also be triggered by an increase in financing requirements due to an increase in drawdowns on loan commitments, an increase in margin calls or a higher collateral requirement.

All liquidity risk factors are accurately mapped, updated annually and presented to the Group Asset/Liability Management Committee. This mapping identifies the various risks as well as their level of materiality, assessed according to various criteria shared between the Asset/Liability Management and Risk divisions.

Objectives and policies

The liquidity management policy aims mainly to refinance all of the Group's business lines in an optimal and sustainable manner.

This mandate involves the following duties:

- ensure a sustainable refinancing plan at the best possible price, making it possible to finance the Group's various activities over a period consistent with the assets created;
- distribute this liquidity between the various business lines and monitor its use and changes in liquidity levels;
- comply with regulatory ratios and internal constraints resulting in particular from stress tests guaranteeing the sustainability of the Group's business model refinancing plan, even in the event of a crisis.

To this end, the Group relies on three mechanisms:

- centralized funding management aimed primarily at supervising the use of short-term funding, spreading out the maturity dates of medium- and long-term funds and diversifying sources of liquidity;
- supervision of each business line's liquidity consumption, predominantly by maintaining a balance between growth in the credit segment and customer deposit inflows;
- the creation of liquidity reserves, both in cash and collateral, in line with future liabilities and the targets set for securing the Group's liquidity.

These systems are managed and overseen by way of a consistent set of indicators, limits and management rules are combined in a centralized framework of standards and rules for the Group's institutions, so as to ensure the measurement and consolidated management of liquidity risk.

Operational liquidity risk management

To keep track of its liquidity risks and define appropriate management and/or corrective actions, the Group has established a reliable, comprehensive and effective internal liquidity management and oversight system including a set of associated indicators and limits. Liquidity risk management and monitoring are carried out at the consolidated Group level and within each of its entities. The definition of these indicators, the calculation methodology and any associated limits are covered in a body of consolidated standards that is reviewed and validated by the decision-making bodies of the Group and its institutions.

LIQUIDITY CONSUMPTION OF THE BUSINESS LINES

The liquidity consumption of the Group's various business lines and within the entities is governed by an internal liquidity allocation system based, on the one hand, on the setting of a target level of short-term, medium-term and long-term market footprint for the Group and, on the other hand, on its distribution among the Group's various entities *via* a liquidity budget system. The Group's market footprint measures its overall dependence to date on bond and money market funding. The sustainability of the Group's market access is measured on a regular basis. The structure of the Group's market footprint (schedule, type of vehicles, currencies, geographic area, investor categories, etc.) is thus closely monitored to ensure that it is not overly dependent on short-term financing and that sources of funds are diversified.

Each entity is required to meet the liquidity budget allocated to it both in terms of actual liquidity consumption and in terms of the projected vision as part of the budget process and the multi-year forecast. This helps to ensure that the market footprint target set by the Group is adequate and to adapt the business line activity projections, if necessary. Moreover, this also makes it possible to adjust the implementation rate of the multi-year funding plan if necessary, based on the needs expressed by the business lines and the Group's capacity to carry out public issues on the market.

The financing needs of the business lines are closely correlated with changes in commercial assets and liabilities (customer loans and deposits) both in terms of the liquidity gap between the average assets and liabilities under management and due to the need for liquidity reserves that it can generate through compliance with the LCR (Liquidity Coverage Ratio).

The liquidity gap resulting from commercial activity is measured using the Customer loan-to-deposit ratio (LTD) at both the consolidated and entity level. This indicator allows a relative measure of the Group's autonomy with regard to the financial markets and monitors changes in the structure of the commercial balance sheet.

RISK INDICATORS

The liquidity risk of the Group and its entities is measured based on regulatory ratios as defined by European regulations, with the LCR (liquidity coverage ratio for short-term liquidity) and the NSFR (Net Stable Funding Ratio for long-term liquidity).

This regulatory approach is complemented by an internal "economic" approach consisting of measuring the liquidity gap over a ten-year horizon. It makes it possible to control the flow of medium and long-term debt and to anticipate the Group's refinancing needs. It is governed by Group and individual entity limits;

The liquidity gap is measured using a so-called static approach, which only takes into account on-balance sheet and off-balance sheet positions to date, and incorporates outflow assumptions for many products. These assumptions are based either on internal modeling (early repayment of loans, closing and deposits on home savings plans or PELs, etc.) or on agreements established for all Group entities (notably for customer deposits with no fixed maturity date, demand deposits and passbook savings accounts). The validation of the models and agreements is based on a process shared between the Asset/Liability management function and the Risk function, which ensures a cross-examination of the relevance of the assumptions used and their suitability with respect to the current limit system.

STRESS SIMULATION AND LIQUIDITY RESERVE

Liquidity crisis simulations are regularly carried out to test the Group's ability to meet its commitments and continue its day-to-day business in a context of crisis. This stress test system aims to become a tool to support management decisions and to measure the Group's resilience over a defined period of time, as well as the relevance of its management system.

Under normal circumstances, these simulations aim to regularly measure exposure to liquidity risks by playing out a set of determined stress scenarios. They make it possible to ensure the correct balance between the Group's liquidity reserve and changes in the net liquidity position under stress, as well as the ability to comply with regulatory requirements.

In a crisis situation, they make it possible to simulate possible changes in the instantaneous liquidity position on the basis of tailor-made scenarios, to identify potential impacts and to define the actions to be taken in the short-term.

The stress calculation methodology is based on the projection of the Group's on-balance sheet and off-balance sheet flows with stressed assumptions defined in the context of stress scenarios and on changes in the liquidity reserve taking into account securities transactions and different valuations (Market, ECB haircuts) according to different scenarios. Thus, for example, we assume that we will only be able to partially renew all maturing refinancing operations, will have to cope with requests for early repayment of deposits or unexpected disbursements on off-balance sheet financing commitments, and will incur a loss of customer deposits or a substantial change in their structure, or a loss of liquidity in certain market assets.

Liquidity stressors are based on different scenarios: idiosyncratic (Group-specific), a systemic crisis affecting all market players, and a combined crisis. Different intensity levels are also used to allow sensitivity analyzes.

LIQUIDITY RISK ASSESSMENT SYSTEMS

Indicators produced by the Group's ALM department based on data collected from the entities' IT systems. They are organized and completed in the ZEN (Standardized Exchange Zone) databases and approved by the institutions. The Group ALM department is responsible for producing the ALM indicators presented to the various ALM Committees and for Group Investor Relations.

A first-level control is carried out by the ALM departments of the entities in conjunction with Group ALM, followed by a second-level control carried out by the Risk departments of the entities and the Group.

Compliance with limits is monitored in each entity and at Group level. Any breach or deviation triggers a report to the Group Strategy Committee or an action plan at Group level to ensure the entity returns to within its limits.

CONTINGENT FUNDING SYSTEM (CFP)

The Group's Contingency Funding Plan (CFP) summarizes the work implemented by the Group to facilitate its management of liquidity crisis situations. The document is updated annually. It is based on a monitoring and alert system *via* a dashboard listing Early Warning Indicators (EWI) likely to enlighten the Group as to whether or not the CFP should be activated. These EWIs are produced on a daily basis and mainly concern funding, liquidity gap and liquidity reserve indicators. Market indicators (interest rates, exchange rates, equities, CDS, etc.) are also monitored in this daily dashboard. In addition to these quantitative approaches, a qualitative assessment in the form of a confidence index is provided by the functions responsible for issues, the Treasury and Central Bank Collateral Management team, and the Asset/Liability management and Financial Risk Management teams. The CFP can thus be triggered by a specific market environment that may expose the Group's future liquidity position to increased risks.

During the health crisis of March 2020, and while the Group's liquidity position was solid both from a cash and regulatory perspective, the Group activated its CFP in a preventive manner, in order to ensure that all business lines within the Group were aligned if actions were to be implemented.

The triggering of the CFP generates the establishment of a specific Crisis Management Committee with an escalation process based on the perceived magnitude of the crisis. In addition to this committee, which meets frequently, the CFP centralizes certain financial activities normally located at Natixis with the head of the Treasury and Central Bank Collateral Management team.

The CFP also includes an inventory and an analysis ahead of the financial and business lines that the Group can implement, including potential liquidity gains and the associated costs (loss of profitability) and possible obstacles to their implementation. These levers can be grouped into three categories:

1. liquidity collection. The Group comprises many entities, which allows it to collect liquidity on an *ad hoc* basis;
2. reduction in liquidity consumption. In light of its activities, the Group could, if necessary, reduce the financing it grants to the economy should its liquidity position be stressed;
3. monetization of liquid assets. The Group has significant collateral reserves that can be transformed into cash if necessary.

The knowledge gained from the crisis in the first half of 2020 and the subsequent activation of the CFP were used to update the system in all of these components, namely the EWI system, the committee procedure and the related escalation process, together with the assessment of the various levers.

Centralized funding management

The Financial Management division organizes, coordinates and supervises the funding of Groupe BPCE on the markets.

The short-term funding of Groupe BPCE is carried out by the Single Treasury and Central Bank Collateral Management team, created following the merger of BPCE and Natixis' cash management teams. This integrated treasury team is capable of managing the Group's cash position more efficiently, particularly during a credit crunch.

The Group has access to short-term market funding through its two main issuers: BPCE and its subsidiary Natixis.

For medium- and long-term funding requirements (more than one year), in addition to deposits from customers of the Banque Populaire and Caisse d'Epargne networks, which are the primary source of funding, the Group also issues bonds on the financial markets with BPCE as principal operator, offering the broadest range of bonds to investors:

- directly as BPCE for subordinated debt issues (Additional Tier 1 and Tier 2), senior non-preferred debt and vanilla senior preferred debt issues, in multiple currencies, with the main currencies being the EUR, USD, JPY, AUD and GBP;
- or as BPCE SFH, the Group's main issuer of covered bonds; this issuer, operated by BPCE, specializes in *obligations de financement de l'habitat* (OH), a category of secured bond guaranteed by French legislation (backed by residential home loans in France).

Groupe BPCE works with two other highly specialized operators to round out its MLT funding sources:

- Natixis for structured senior preferred debt issues (private placements only) under the Natixis name, and for covered bonds under German law (backed by commercial real estate loans) under the Natixis Pfandbriefbank AG name;
- Crédit Foncier for covered bonds, known as *obligations foncières* (OF), under the Compagnie de Financement Foncier (a subsidiary of Crédit Foncier) name; OFs are a category of covered bond based on French legislation (backed by public sector loans and assets, in line with the new positioning decided in 2018 for this Group issuer, bearing in mind that the collateral still includes residential home loans in France previously manufactured by Crédit Foncier).

It should be noted that BPCE is also responsible for the MLT funding activities of Natixis (in addition to the aforementioned structured private placements), which no longer carries out public issues on the markets.

BPCE has short-term funding programs governed by French law (NEU CP), UK law (Euro Commercial Paper) and New York State law (US Commercial Paper), and MLT funding programs governed by French law (EMTN and Neu MTN), New York State law (US MTN), Japanese law (Samurai) and New South Wales law (AUD MTN).

Lastly, the Group is also able to conduct market securitization transactions (ABS), primarily *via* RMBS with residential home loans issued by the Banque Populaire and Caisse d'Epargne networks.

INTERNAL LIQUIDITY PRICING

The centralization of the Group's refinancing involves the implementation of liquidity circulation principles within the Group and the rules for pricing this liquidity so that liquidity can circulate in the best possible way between the Group's entities. The principles are validated by the Group's Asset/Liability Management Committee and implemented by the Group's Treasury and Central Bank Collateral Management team. The system is designed to ensure the transparency and consistency of internal prices, guaranteeing fluid liquidity management between the Group's institutions.

In addition to this internal liquidity pricing system, an internal disposal rate system has been developed so that each of the Group's assets and liabilities can be assigned an internal liquidity price. Here again, the principles are decided by the Group's Asset/Liability Management Committee. The respective changes in the liquidity costs of customer deposits and market resources are taken into account in order to ensure the balanced and profitable development of all activities in the Group's various business lines.

Centralized collateral management

In its liquidity management policy, Groupe BPCE attaches great importance to the management and optimization of its collateral. Non-negotiable debt securities (in particular loans originated by the networks) and negotiable debt securities (financial securities, etc.) that are eligible for a funding arrangement, whether central bank funding (*via* the 3G pool) or Group funding (covered bonds, securitization, etc.) are classified as collateral.

Three key principles are implemented:

- centralized management of the entities' collateral by the central institution in order to improve oversight and operationality of collateral management. For entities with a 3G Pool (Natixis, Compagnie de Financement Foncier, BRED, Crédit Coopératif, Banque Palatine), each entity is responsible for its own collateral. Nonetheless, these entities cannot directly participate in ECB refinancing operations without prior approval from the central institution;
- a definition of investment and management rules by the central institution, with the entities enjoying autonomy in their decision-making in accordance with Group standards;
- a set of indicators relating to the monitoring of collateral determined at Group level and monitored by the Group's Asset/Liability Management Committee.

Collateral management with respect to non-negotiable debt securities is based on a dedicated information system that makes it possible to identify the receivables and identify their eligibility for the various existing arrangements. A significant portion of these receivables is intended to be secured in order to meet the liquidity reserve requirements as set by the Group, particularly with regard to the stress tests conducted periodically.

The unsecured portion is available to carry out funding operations in the market, either in the form of sales of advances or in the form of mobilization of advances. Groupe BPCE has developed a strong expertise in this area, which has enabled it to structure innovative refinancing mechanisms, thus increasing its ability to diversify its sources of fund-raising from investors.

Adequacy of the institution's liquidity risk management systems

The Group continues to focus on streamlining risk monitoring through a detailed mapping of liquidity risks and on optimizing the tools and procedures implemented to manage the Group's liquidity situation and its balance sheet.

The stress test mechanism has been completely reviewed in order to increase its operationality and to strengthen the links with the Group's collateral management, in light of the experience of the 2020 crisis.

The Group's ambitions to diversify its refinancing have also been strengthened in order to reinforce its solidity and resilience in the event of a crisis.

9.3 Quantitative disclosures

BPCE39 – LIQUIDITY RESERVES

in billions of euros	12/31/2021	12/31/2020
Cash placed with central banks	181	146
LCR securities	41	56
Assets eligible for central bank funding	107	105
TOTAL	**329**	**307**

At December 31, 2021, liquidity reserves covered 247% of the short-term funding and short-term maturities of MLT debt (€133 billion at December 31, 2021) compared to 246% at December 31, 2020 (ST and MLT maturities of €125 billion).

The change in the liquidity reserve over the course of 2021 reflects the Group's liquidity management policy with the aim of reducing its level of market refinancing in a general context of abundant liquidity while maintaining a high level of coverage of its liquidity risk.

BPCE40 – LIQUIDITY GAP

in billions of euros	01/01/2022 to 12/31/2022	01/01/2023 to 12/31/2025	01/01/2026 to 12/31/2029
Liquidity gap	103.5	54.2	41.2

The projected liquidity position shows a structural liquidity surplus over the analysis horizon, with an increase of €18.5 billion, within one year, compared to the end of 2020.

This change is linked to the increase in net financial resources (+€29 billion, including a portion related to TLTRO 3 transactions) and customer deposits (+€34 billion). This increase was offset by the increase in customer loans (+€51 billion).

Customer loan-to-deposit ratio

At December 31, 2021, the Group's customer loan-to-deposit ratio[1] remains at 120%, as at December 31, 2020.

BPCE41 – SOURCES AND USES OF FUNDS BY MATURITY

in millions of euros	Less than 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	No specified	Total on 12/31/2021
Cash and amounts due from central banks	54,203	131,942				172	186,317
Financial assets at fair value through profit or loss						198,919	198,919
Financial assets at fair value through other comprehensive income	2,064	821	3,865	18,977	17,805	5,066	48,598
Hedging derivatives						7,163	7,163
Securities at amortized cost	659	361	1,211	8,177	12,139	2,439	24,986
Loans and advances to banks at amortized cost	83,700	4,898	3,942	806	226	568	94,140
Loans and advances to customers at amortized cost	41,455	23,244	68,270	264,909	374,421	8,798	781,097
Revaluation differences on interest rate risk-hedged portfolios, assets						5,394	5,394
FINANCIAL ASSETS BY MATURITY	**182,081**	**161,266**	**77,288**	**292,869**	**404,591**	**228,519**	**1,346,614**
Central banks		6					6
Financial liabilities at fair value through profit or loss	7,168	100	389	1,333	14,728	168,050	191,768
Hedging derivatives						12,521	12,521
Debt securities	28,834	30,254	37,864	73,343	63,143	3,981	237,419
Amounts due to banks and similar	26,350	9,825	5,683	101,071	9,598	2,864	155,391
Amounts due to customers	553,168	15,506	20,457	63,401	10,019	2,766	665,317
Subordinated debt	591	11	3	9,895	7,589	901	18,990
Revaluation difference on interest rate risk-hedged portfolios, assets						184	184
FINANCIAL LIABILITIES BY MATURITY	**616,111**	**55,702**	**64,396**	**249,043**	**105,077**	**191,267**	**1,281,596**
Loan commitments given to banks	8	98	378	816	128		1,428
Loan commitments given to customers	33,523	7,730	24,526	61,324	21,746	5,559	154,408
TOTAL LOAN COMMITMENTS GIVEN	**33,531**	**7,828**	**24,904**	**62,141**	**21,874**	**5,559**	**155,837**
Guarantee commitments given to banks	1,571	704	1,375	196	1,891	2,706	8,443
Guarantee commitments given to customers	2,818	5,004	5,998	17,185	9,051	2,675	42,731
TOTAL GUARANTEE COMMITMENTS GIVEN	**4,389**	**5,708**	**7,372**	**17,381**	**10,942**	**5,381**	**51,173**

Financial instruments marked to market on the income statement and held in the trading book, variable-income available-for-sale financial assets, non-performing loans, hedging derivatives and revaluation differences on interest rate risk-hedged portfolios are placed in the "No fixed maturity" column. These financial instruments are:

- either held for sale or redeemed prior to their contractual maturity;
- or held for sale or redeemed at an indeterminable date (particularly where they have no contractual maturity);
- or measured on the balance sheet for an amount impacted by revaluation effects.

Accrued interest not yet due is shown in the "Less than 1 month" column.

The amounts shown are contractual amounts excluding projected interest.

Technical provisions of insurance companies, which, for the most part are equivalent to demand deposits, are not shown in the Table above.

(1) Excluding SCF (Compagnie de Financement Foncier, the Group's société de crédit foncier, a French covered bond issuer).

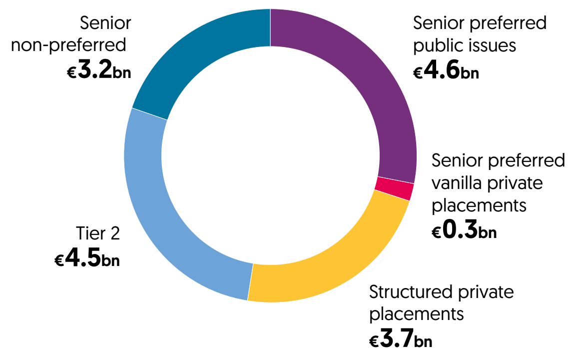
Funding strategy and conditions in 2021

One of the Group's priorities in terms of medium- and long-term funding in the financial markets is to ensure that sources of funding are properly diversified, in terms of types of investors, types of debt instruments, countries and currencies.

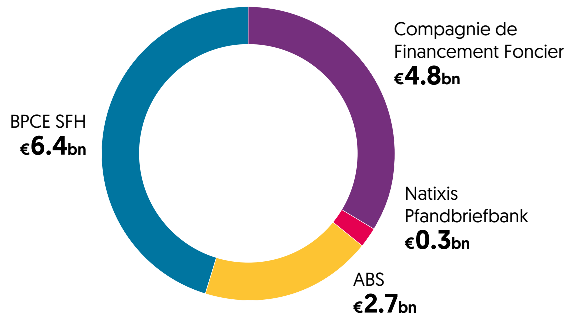
Another priority is extending the average maturity of its liabilities to help strengthen Groupe BPCE's financial structure.

Under the 2021 wholesale MLT funding plan, Groupe BPCE raised a total of €27.6 billion in the bond market, of which €24.0 billion excluding structured private placements; public issues made up 82% of this amount and private placements 18%. In addition, the Group raised €2.7 billion in ABS in the financial market.

UNSECURED BOND SEGMENT: €16.2 BILLION



SECURED FUNDING SEGMENT: €14.1 BILLION



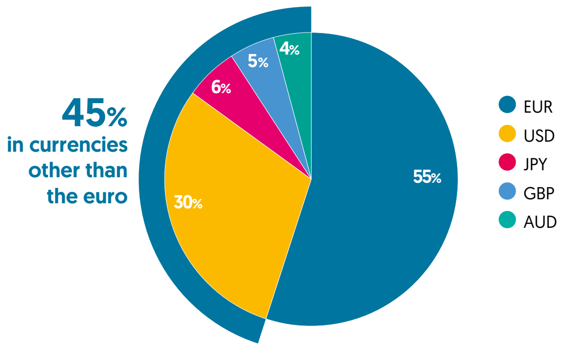
In 2021, the amount raised in the unsecured bond segment excluding structured private placements is €12.6 billion, of which €4.5 billion in Tier 2 (including €1.75 billion in RAC Tier 2 which is a "contingent" Tier 2), €3.2 billion in senior non-preferred and €4.9 billion in senior preferred. In addition, €3.7 billion were raised in structured private placements.

In the secured funding segment excluding ABS, the amount raised was €11.4 billion in covered bonds. In addition, €2.7 billion were raised in the form of ABS (mainly RMBS backed by residential mortgage loans granted by the Banque Populaire and Caisse d'Epargne networks).

The unsecured bond segment (Tier 2 + senior non-preferred + senior preferred) accounted for 54% of funding raised, and the secured funding segment 46% (37.7% covered bonds and 8.7% ABS).

The breakdown by currency of unsecured issues is a good indicator of the diversification of the Group's medium- and long-term funding sources. In all, 45% were issued in currencies other than the euro in 2021; the four largest currencies were USD (30%), JPY (6%), GBP (5%), and AUD (4%).

DIVERSIFICATION OF INVESTOR BASE



The average maturity at issuance (including ABS) for Groupe BPCE as a whole was 8.2 years in 2021, compared with an average maturity of 7.4 years in 2020.

The vast majority of medium- and long-term funding raised in 2021 was at a fixed rate, as in previous years. In general, fixed rate is swapped into floating rate in accordance with the Group's interest rate risk management policy.

NEW SOLUTIONS TO MEET THE NEW PRIORITIES OF INVESTORS: "SUSTAINABLE DEVELOPMENT" BONDS

Groupe BPCE carried out three social/green public bond issues or RMBS in 2021 for a total of €3.9 billion:

- public issue by BPCE SFH of 9.5-year green covered bonds (Green Building type) in EUR in May 2021 for an amount of €1.5 billion;
- €1.5 billion Green RMBS (Green Building type) in EUR in October 2021, the first of its kind for a European GSIB;
- public issue by BPCE of 6NC5 social bond (senior non-preferred, Local Economic Development type) in USD in October 2021 for the equivalent of €0.9 billion, the first of its kind for a French bank.

9.4 Management of structural interest rate risk

Objectives and policies

Structural interest rate risk (or overall interest rate risk) is defined as the risk incurred in the event of a change in interest rates due to all balance sheet and off-balance sheet transactions, except for – if applicable – transactions subject to market risks. Structural interest rate risk is an intrinsic component of the business and profitability of credit institutions.

The objective of the Group's interest rate risk management system is to monitor each institution's maturity transformation level in order to contribute to the growth of the Group and the business lines while evening out the impact of any unfavorable interest rate changes on the value of the Group's banking books and future income.

Interest rate risk oversight and management system

Structural interest rate risk is controlled by a system of indicators and limits set by the Group Asset/Liability Management Committee. It measures structural interest rate risk on the balance sheet, excluding any kind of independent risk (trading, own accounts, etc.). The indicators used are divided into two approaches: a static approach that only takes into account on-balance sheet and off-balance sheet positions at a set date and a dynamic approach which includes commercial and financial forecasts. They can be classified into two sets:

- gap indicators, which compare the amount of liability exposures against asset exposures on the same interest rate index and over different maturities. These indicators are used to validate the main balance sheet aggregates to ensure the sustainability of the financial results achieved. Gaps are calculated on the basis of contractual maturities, the results of common behavioral models for different credit or collection products, outflow agreements for products with no maturity date, and specific agreements for regulated rates;
- sensitivity indicators, both in terms of value and revenues. Value-based indicators measure the change in the net present value of equity in the light of interest rate shocks applied to the static balance sheet. In addition to the Basel II regulatory indicator (SOT: standard outlier test), which measures sensitivity to interest rate shocks of +/-200 basis points, the Group has introduced an internal Economic Value of Equity (EVE) indicator.

Revenue-based indicators measure the sensitivity of the projected net interest income where there are differences between the change in the market interest rate and the central scenario established quarterly by the Group's economists. This net interest income sensitivity indicator covers all commercial banking activities and aims to estimate the sensitivity of the institutions' results to interest rate fluctuations.

The dynamic approach based on the sensitivity of future revenues has been strengthened by a multi-scenario vision that allows for a broader approach by taking into account uncertainties related to business forecasts (new business and changes in customer behavior), possible changes in sales margins, etc. Internal stress tests are carried out periodically to measure changes in the bank's earnings trajectory under adverse scenarios.

The interest rate position of the Group's institutions is managed in compliance with the Group's standards, which formalize both the indicators monitored and the associated limits, as well as the instruments authorized for hedging interest rate risk. These are strictly "vanilla" (unstructured), option sales are excluded and accounting methods with no impact on the Group's consolidated income are preferred.

Quantitative disclosures

The interest rate position is mainly driven by Retail Banking and Insurance, and primarily by the networks. Measured using a static approach to interest rate gaps, it shows a structural risk exposure to an increase in interest rates with a surplus of fixed-rate assets compared to fixed-rate resources. This structural surplus is due in particular to the percentage of customer deposits at regulated or similar rates (in particular the Livret A rate).

The interest rate gaps at the end of 2021, presented below, show a significant change compared to the previous year with an increase in the application surplus over a one-year horizon as well as over the periods beyond one year. This change is linked to the significant increase in home loans and fixed-rate cash loans linked to the distribution of SGLs and their extension by customers. This increase is only partially offset by the increase in demand deposits (resources considered to be at a fixed rate with a conventional medium-term maturity).

BPCE 42 – INTEREST RATE GAP

in billions of euros	01/01/2022 to 12/31/2022	01/01/2023 to 12/31/2025	01/01/2026 to 12/31/2029
Interest rate gap (fixed-rate*)	(33.7)	(22.8)	(27.0)

* The indicator takes into account all asset and liability positions and floating-rate positions until the next interest rate reset date.

SENSITIVITY INDICATORS

The sensitivity of the net present value of the Group's balance sheet to falling and rising interest rates of 200 basis points remains well below the Tier 1 capital limit of 15%. At December 31, 2021, Groupe BPCE was sensitive to rising interest rates, with an indicator of -11.37% in relation to Tier 1 capital, compared with -6.21% at December 31, 2020. This measure is closely correlated with the measurement of interest rate gaps detailed above.

The analysis of the change in the Group's projected one-year net interest income according to four interest rate development scenarios compared to the central scenario (interest rate increase, interest rate decrease, steepening of the curve, flattening of the curve) indicates exposure to falling interest rates. Unlike the static approach used in the measurement of interest rate gaps or the sensitivity of the Group's net present balance sheet value, the sensitivity of the projected net interest income is based on a dynamic approach that incorporates the outlook of new business outlook, in particular the production of loans and changes in customer deposits. Under this approach, future revenues depend in part on the rate of replacement of available liquidity *via* either new loans or financial investments. As of September 30, 2021, the decrease in interest rates scenario would have a negative impact of €82 million on the projected net interest margin from year to year.

EU IRRBB1 – SENSITIVITY OF THE ECONOMIC VALUE OF TIER 1 CAPITAL

	EVE sensitivity *(in%)*	
Regulatory scenarios	**12/31/2021**	**12/31/2020**
Shock: Parallel up	(11.37%)	(6.21%)
Shock: Parallel down	0.41%	0.16%
Steepener	(1.33%)	2.03%
Flattener	5.34%	5.41%
Short rates up	4.85%	5.10%
Short rates down	1.08%	1.14%

FINANCIAL INSTRUMENTS SUBJECT TO BENCHMARK INDEX REFORM

The table below presents the financial instruments for each index that must transition within the framework of the index reform. The data presented in the table were taken from the management data bases at December 31, 2021, after the removal of internal Groupe BPCE transactions, and cover financial instruments whose maturity extends beyond December 31, 2021 (excluding EURIBOR), taking into account the following conventions:

- Financial assets and liabilities excluding derivatives are presented based on their nominal amount (past due principal), excluding provisions;
- pension transactions are broken down by EONIA, EURIBOR and LIBOR before any accounting offsets;
- derivatives are presented based on their notional amount at December 31, 2021;

For derivatives with a receiving and a paying leg exposed to a reference rate, both legs were reported in the table below to accurately reflect Groupe BPCE's exposure to the reference rate for those two legs.

The residual EONIA outstanding at December 31, 2021 will be remediated in accordance with the European Commission's decision. Residual positions on GBP LIBOR and other LIBOR (mainly on CHF) are present because the current period of the last known fixing ends after December 31, 2021. Once the fixing period has passed, these transactions will be remediated.

BPCE43 – OUTSTANDING AMOUNTS OF FINANCIAL INSTRUMENTS SUBJECT TO BENCHMARK INDEX REFORM

	12/31/2021		
in millions of euros	**Financial assets**	**Financial liabilities**	**Derivatives (notional)**
EONIA	301	374	5,049
EURIBOR	102,162	20,740	2,506,684
LIBOR – USD	28,541	7,946	3,762,280
LIBOR – GBP	1,018	47	131,129
LIBOR – OTHER	2,026	1,184	157,958
TOTAL	**134,048**	**30,291**	**6,563,100**

9.5 Management of structural exchange rate risk

Structural foreign exchange risk is defined as the risk of a realized or unrealized loss due to an unfavorable fluctuation in foreign currency exchange rates. The management system distinguishes between the structural exchange risk policy and the management of operational foreign exchange risk.

Foreign exchange risk oversight and management system

For Groupe BPCE (excluding Natixis), foreign exchange risk is monitored using regulatory indicators (measuring corresponding capital adequacy requirements by entity). The residual foreign exchange positions held by the Group (excluding Natixis) are not material because virtually all foreign currency assets and liabilities are match-funded in the same currency.

As regards international trade financing transactions, risk-taking is limited to counterparties in countries with freely-translatable currencies, provided that translation can be technically carried out by the technically managed by the entity's information system.

Natixis' structural exchange rate positions on net investments in foreign operations funded with currency forwards are tracked on a quarterly basis by its Asset/Liability Management Committee in terms of sensitivity as well as solvency. The resulting risk indicators are submitted to the Group Asset/Liability Management Committee on a quarterly basis.

Quantitative disclosures

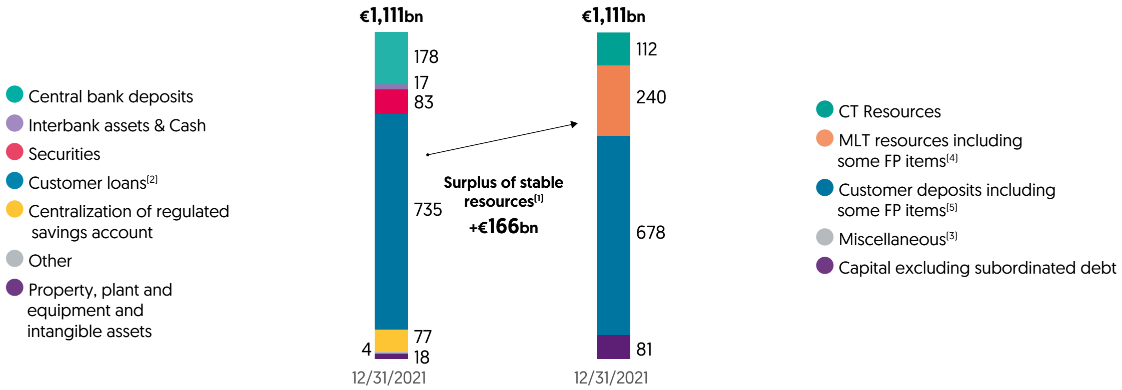
As of December 31, 2020, Groupe BPCE, subject to regulatory capital requirements for foreign exchange risk, recorded a stable foreign exchange position of €3,708 million *versus* €3,413 million at end-2020, with €297 million for foreign exchange risk. The foreign exchange position is mainly carried by Natixis.

9.6 Detailed quantitative disclosures on liquidity risk

The detailed quantitative disclosures on liquidity risk in the following tables enhance the information in the previous section under Pillar III.

Groupe BPCE cash balance sheet

GROUP OUTSIDE SCF



The cash balance sheet of Groupe BPCE excluding the contribution of the SCF shows the main items of the balance sheet by identifying in particular:

- business financing requirements (customer loans, centralization of regulated passbook savings accounts and the Group's tangible and intangible assets) for a total of €833 billion at December 31, 2021, up €39 billion year-on-year mainly due to the increase in loans outstanding (real estate loans, SGL, etc.);
- the Group's stable resources consisting of customer deposits, medium and long-term resources, and equity and similar assets, for a total of €999 billion as of December 31, 2021, up €65 billion over one year, mainly due to the increase in customer deposits and the use of TLTRO3 operations;
- the €166 billion surplus reflects the surplus of customer deposits and medium- and long-term financial resources over the financing needs of the customer business. It is mainly invested in liquid assets to contribute to the liquidity reserve;
- short-term resources invested mainly in liquid assets (central bank deposits, interbank assets, debt securities).

LIQUIDITY/FINANCING NEEDS

BASEL RATIOS: LIQUIDITY COVERAGE RATIO (LCR)

The regulatory 30-day liquidity ratio measures the ratio between the liquidity buffer (HQLA – High Quality Liquid Assets) and the expected net cash outflows over a 30-day period. Since January 1, 2018, the minimum requirement level has been set at 100%.

The Group's LCR stood at an average monthly rate of 161% for the year 2021, *i.e.* a liquidity surplus of €86 billion in December 2021, compared with levels of 156% and €74 billion respectively in December 2020.

(1) Balance of stable resources +€166 billion as of December 31, 2021 = (MLT resources €240 billion + customer deposits €678 billion + capital excluding subordinated debt €81 billion - (customer loans €735 billion + passbook savings centralization €77 billion + fixed assets €18 billion + miscellaneous €4 billion).
(2) Including financing of Group SPT customer loans by SCF.
(3) Net position of accrual accounts and other liabilities and refinancing transactions with the SCF : €0 billion on the liabilities side for the Group excluding SCF.
(4) Of which €18 billion, excluding accrued interest, of market MLT resources at the end of 2021 with a residual maturity date of less than or equal to one year.
(5) Of which €0.2 billion (excluding accrued interest) of BPCE's preferred senior bond issues (with €0.1 billion maturing in one year or less) and €2.2 billion (excluding accrued interest) of BPCE's Tier 2 issues (with no issues maturing in one year or less) marketed in our networks.

EU LIQ1 – LIQUIDITY COVERAGE RATIO (LCR)

in millions of euros	Total unweighted value (average)				Total weighted value (average)			
Quarter ending on (Month DD YYYY)	**03 31 2021**	**06 30 2021**	**09 30 2021**	**12 31 2021**	**03 31 2021**	**06 30 2021**	**09 30 2021**	**12 31 2021**
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)					**222,146**	**223,352**	**225,607**	**229,176**
CASH OUTFLOWS								
Retail deposits and deposits from small business customers, of which:	377,968	369,262	370,673	375,927	22,436	21,949	21,990	22,317
Stable deposits	293,674	283,468	283,093	287,013	14,728	14,221	14,197	14,383
Less stable deposits	76,965	77,227	77,876	79,292	7,707	7,727	7,792	7,934
Unsecured deposits of corporates and financial institutions, including	192,558	191,094	192,985	196,412	100,308	98,136	98,753	100,855
Operational deposits	51,468	51,136	52,187	52,503	12,166	11,984	12,161	12,210
Non-operational deposits	123,808	123,686	125,123	128,212	70,860	69,881	70,916	72,949
Unsecured debt	17,282	16,271	15,676	15,697	17,282	16,271	15,676	15,697
Secured deposits of corporates and financial institutions					22,596	24,062	25,318	25,886
Additional outflows, including:	109,292	110,235	109,805	110,128	28,775	29,465	29,111	28,529
Outflows related to derivative exposures and other collateral requirements	18,481	18,099	17,103	16,095	14,394	14,196	13,295	12,073
Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
Credit and liquidity facilities	90,812	92,137	92,701	94,033	14,382	15,269	15,817	16,456
Other contractual funding obligations	24,142	24,315	25,453	26,927	22,354	22,582	23,853	25,511
Other contingent funding obligations	95,077	100,008	106,876	113,821	11,628	11,791	12,208	12,562
Total cash outflows					**208,098**	**207,984**	**211,232**	**215,659**
CASH INFLOWS								
Transactions collateralized by securities (*i.e.* reverse repos)	96,630	97,632	97,402	96,854	14,639	14,272	13,790	12,949
Cash inflows from loans	49,392	31,732	26,975	28,200	20,934	19,745	20,234	21,272
Other cash inflows	47,839	50,280	51,966	52,534	35,536	37,272	38,256	38,582
(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).					0	0	0	0
(Surplus inflows from a related specialized credit institution)					0	0	0	0
TOTAL CASH INFLOWS	**193,862**	**179,645**	**176,343**	**177,587**	**71,108**	**71,289**	**72,281**	**72,804**
Cash inflows fully exempt from cap	0	0	0	0	0	0	0	0
Cash inflows subject to the 90% cap	0	0	0	0	0	0	0	0
Cash inflows subject to the 75% cap	160,239	143,949	141,008	144,213	71,108	71,289	72,281	72,804
TOTAL ADJUSTED VALUE								
TOTAL HQLA					**222,146**	**223,352**	**225,607**	**229,176**
TOTAL NET CASH OUTFLOWS					**136,990**	**136,696**	**138,952**	**142,855**
SHORT-TERM LIQUIDITY RATIO *(IN %)*					**163%**	**164%**	**163%**	**161%**

The Group's liquid assets, after taking into account regulatory haircuts, amounted to €229 billion and consist largely of central bank deposits and sovereign securities.

Gross cash outflows amounted to €216 billion and have increased since December 31, 2020, in line with the growth in customer deposits, both Retail and Wholesale. On the other hand, gross cash inflows amounted to €73 billion and were stable compared to December 2020. In net position, cash outflows thus amounted to €143 billion, an increase of €11 billion compared to December 2020.

The liquid asset position is managed in such a way as to retain a sufficient amount of excess liquidity to cover any volatility in the evolution of the LCR ratio and also to protect the Group against a short-term liquidity crisis that may prevent the Group from renewing all or part of its short-term issues. In this context, the excess liquidity will be absorbed first without impacting the Group's core activities.

BASEL RATIOS: NET STABLE FUNDING RATIO (NSFR)

The net stable funding ratio (NSFR) corresponds to the amount of available stable funding (*i.e.* own funds and the proportion of liabilities assumed to be reliable over the time horizon taken into account for the purposes of the NSFR, *i.e.* up to one year) compared to the required stable funding. This ratio is restrictive, with a minimum requirement level of 100% since June 28, 2021.

The Group's NSFR stood at 115.7% as of December 31, 2021, *i.e.* a liquidity surplus of €118.6 billion.

EU LIQ2 – NET STABLE FUNDING RATIO (NSFR)

	12/31/2021				
	Unweighted value by residual maturity				
in millions of euros	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
AVAILABLE STABLE FUNDING (ASF) ITEMS					
Capital items and instruments	**77,859**	**0**	**0**	**12,951**	**90,810**
Capital	*77,859*	*0*	*0*	*12,951*	*90,810*
Other capital instruments		*0*	*0*	*0*	*0*
Retail deposits		**385,390**	**621**	**13,923**	**376,598**
Stable deposits		*304,947*	*354*	*3,277*	*293,313*
Less stable deposits		*80,443*	*268*	*10,646*	*83,286*
Wholesale funding:		**428,483**	**29,738**	**255,944**	**364,447**
Operational deposits		*87,674*	*0*	*0*	*3,535*
Other wholesale funding		*340,808*	*29,738*	*255,944*	*360,912*
Interdependent liabilities		**6,638**	**0**	**69,672**	**0**
Other liabilities:	**453**	**25,165**	**1,116**	**42,910**	**43,468**
NSFR derivative liabilities	*453*				
All other liabilities and capital instruments not included in the above categories		*25,165*	*1,116*	*42,910*	*43,468*
Total available stable funding (ASF)					**875,323**
REQUIRED STABLE FUNDING (RSF) ITEMS					
Total High Quality Liquid Assets (HQLA)					**22,608**
Assets encumbered for more than one year in cover pool		**1,452**	**1,585**	**40,950**	**37,389**
Deposits held at other financial institutions for operational purposes		**325**	**0**	**0**	**163**
Performing loans and securities:		**121,074**	**45,875**	**689,551**	**611,739**
Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut		*14,388*	*957*	*2,654*	*3,714*
Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions		*39,476*	*5,349*	*15,846*	*20,804*
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		*49,053*	*29,021*	*409,473*	*544,983*
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		*7,450*	*6,867*	*152,178*	*274,816*
Performing residential mortgages, of which:		***10,177***	***9,368***	***214,660***	***0***
With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		*10,177*	*9,368*	*214,660*	*0*
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		*7,980*	*1,180*	*46,919*	*42,237*
Interdependent assets		**6,638**	**0**	**69,672**	**0**

	12/31/2021				
	Unweighted value by residual maturity				
in millions of euros	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Other assets:	**0**	**43,677**	**1,297**	**73,230**	**79,029**
Physical traded commodities				*0*	*0*
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		*57*	*0*	*5,086*	*4,372*
NSFR derivative assets		*3,036*			*2,583*
NSFR derivative liabilities before deduction of variation margin posted		*24,623*			*1,231*
All other assets not included in the above categories		*15,962*	*1,297*	*68,143*	*70,844*
Off-balance sheet items		**117,757**	**0**	**339,179**	**5,742**
Total RSF					**756,669**
Net Stable Funding Ratio (%)					**115.7%**

In addition to the structural effects – combining deposit collection and new loans – which result in the production of a natural surplus of NSFR for Groupe BPCE, cyclical effects including additional customer and wholesale deposits and use of the TLTRO III explain the very large surplus posted at December 31, 2021.

The amount of available stable funding for Groupe BPCE thus amounts to €875.3 billion and mainly consists of:

- customer deposits (€376 billion), including a significant portion of deposits deemed stable, and growing steadily since June 2021 reflecting the high levels of savings recorded over the period, and
- wholesale financing (€364 billion), which includes corporate deposits, also up in the current context, compared to June 2021. This funding additionally includes the use of the TLTRO III, which represents €97 billion in long-term financing (more than one year) as of December 31, 2021.

The amount of required stable funding stands at €756.7 billion, the result of a significant level of performing loans and securities whose impact was €611.7 billion.

ENCUMBERED AND UNENCUMBERED ASSETS (ASSET ENCUMBRANCE)

EU AE1 – ENCUMBERED AND UNENCUMBERED ASSETS

	12/31/2021							
	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
in millions of euros		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
Assets of the reporting institution	**334,073**	**72,938**			**1,036,947**	**28,255**		
Equity instruments	28,321	25,474	28,321	25,474	22,108	5,824	18,098	5,848
Debt securities	83,384	47,619	82,921	47,564	24,026	23,188	37,637	31,798
of which: covered bonds	368	185	372	185	1,256	1,073	1,279	1,098
of which: securitizations	19,429	0	19,101	0	0	0	0	0
of which: issued by general governments	44,263	41,815	44,140	41,752	17,740	17,032	20,156	19,626
of which: issued by financial corporations	14,630	4,033	14,562	4,034	4,959	4,959	5,176	5,140
of which: issued by non-financial corporations	3,009	1,648	3,011	1,654	0	0	10,575	5,949
Other assets	221,369	0			990,812	0		

	12/31/2020							
	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
in millions of euros		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
Assets of the reporting institution	**283,847**	**51,027**			**1,029,545**	**47,179**		
Equity instruments	15,350	14,561	0	0	16,855	14,561	0	0
Debt securities	75,993	36,466	74,835	35,417	36,279	32,810	31,981	11,429
of which: covered bonds	734	391	716	391	1,398	391	1,349	1,310
of which: securitizations	19,177	0	18,958	0	1,456	0	0	0
of which: issued by general governments	40,356	34,250	39,277	33,198	29,964	29,742	18,818	0
of which: issued by financial corporations	11,835	239	11,766	240	2,756	239	1,896	1,425
of which: issued by non-financial corporations	2,678	1,673	2,684	1,677	0	0	9,635	1,896
Other assets	193,161	0			831,337	0		

EU AE2 – COLLATERAL RECEIVED

	12/31/2021			
			Unencumbered	
	Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued that may be encumbered	
in millions of euros		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
Collateral received by the reporting institution	132,900	96,218	94,895	48,445
Loans on demand	0	0	0	0
Equity instruments	39,703	17,519	26,108	4,963
Debt securities	94,574	79,976	47,459	43,482
of which: covered bonds	581	366	1,484	1,484
of which: securitizations	4,652	0	0	0
of which: issued by general governments	73,051	70,843	34,697	34,300
of which: issued by financial corporations	13,058	6,143	6,547	6,547
of which: issued by non-financial corporations	1,341	408	4,707	1,485
Loans and advances other than loans on demand	0	0	20,710	0
Other collateral received	**0**	**0**	**0**	**0**
Own debt securities issued other than own covered bonds or securitizations	**0**	**0**	**0**	**0**
Own covered bonds and asset-backed securities issued and not yet pledged			**400**	**0**
TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	**464,722**	**170,859**		

9

	12/31/2020			
			Unencumbered	
	Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued that may be encumbered	
in millions of euros		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
Collateral received by the reporting institution	139,345	96,989	90,822	54,830
Loans on demand	0	0	0	0
Equity instruments	37,880	20,905	25,934	5,291
Debt securities	101,417	75,990	49,539	49,539
of which: covered bonds	1,305	657	1,803	1,709
of which: securitizations	8,357	0	0	0
of which: issued by general governments	85,108	74,860	42,217	42,217
of which: issued by financial corporations	5,500	146	952	906
of which: issued by non-financial corporations	1,176	565	4,154	1,882
Loans and advances other than loans on demand	0	0	15,996	0
Other collateral received	**0**	**0**	**0**	**0**
Own debt securities issued other than own covered bonds or securitizations	**0**	**0**	**0**	**0**
Own covered bonds and asset-backed securities issued and not yet pledged			**435**	**0**
TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	**424,225**	**149,038**		

EU AE3 – SOURCES OF ENCUMBRANCE

	12/31/2021	
in millions of euros	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitizations encumbered
Carrying amount of selected financial liabilities	**321,351**	**373,252**

	12/31/2020	
in millions of euros	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitizations encumbered
Carrying amount of selected financial liabilities	**246,101**	**252,756**

An asset or a guarantee is encumbered when it is capitalized as a guarantee, collateral or enhancement of an institution's transaction.

For example,

- The following are considered to be encumbered:
  - cash posted as collateral,
  - assets used as collateral for covered bonds,
  - margin calls (cash) paid;
- The following are not considered as encumbered:
  - assets transferred to the Central Bank but not mobilized,
  - assets underlying self-owned securitizations.

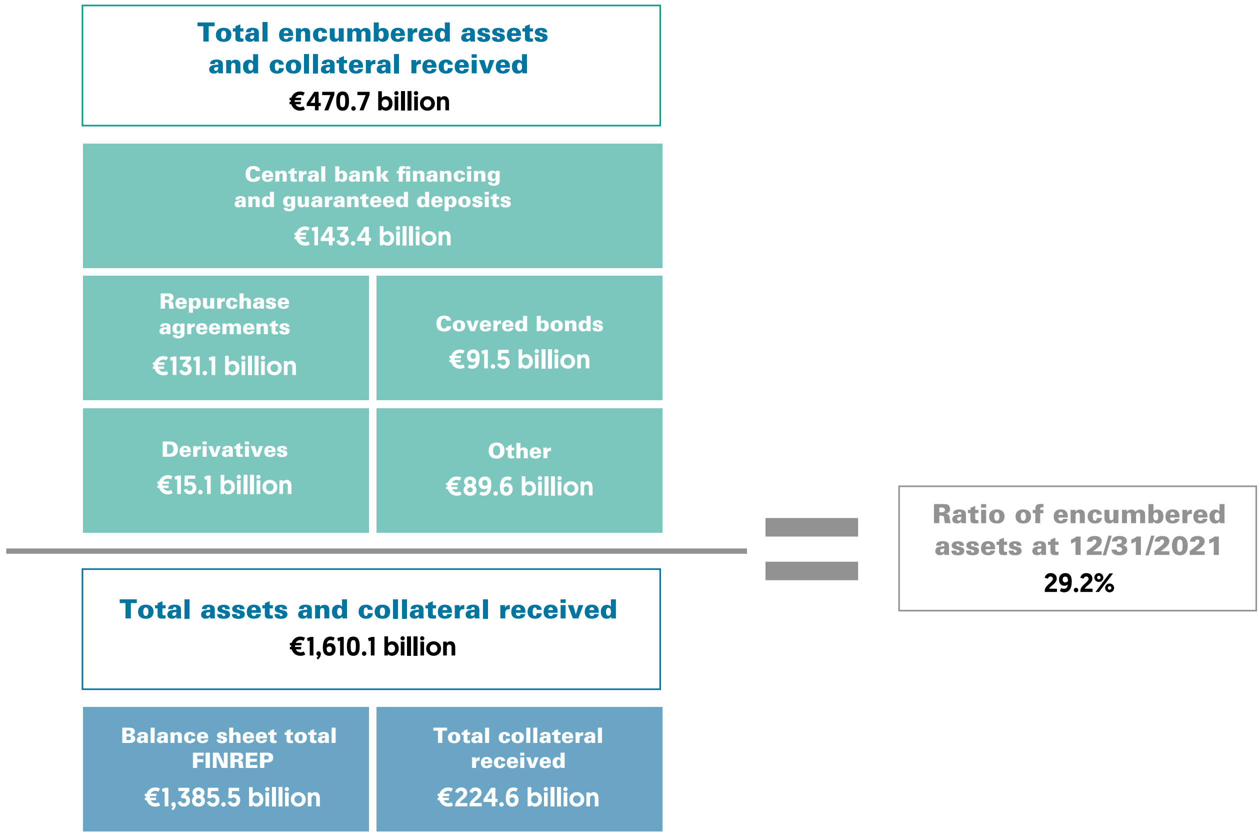
At the closing date of December 31, 2021, the ratio of encumbered assets to assets on the Group's balance sheet was 29.2%, up by 0.5% compared to the ratio at December 31, 2020 (28.7%).

Total encumbrances on assets (encumbered assets and collateral) amount to €470.7 billion.

The Group uses its assets and collateral to obtain financing on favorable terms and to carry out repurchase agreements and derivative transactions.

As of December 31, 2021, the main encumbrances were:

- Refinancing activities of the Group's institutions, which involve:
  - €91.5 billion in loans and advances to guarantee covered bonds issued by BPCE SFH, SCF and Natixis Pfandbriefbank. The over-collateralization rates applied are respectively 105% for BPCE SFH/SCF and 102% for Natixis Pfandbriefbank,
  - €143.4 billion in advances and securities mobilized at the Central Bank to carry out TLTRO transactions. The Group's central institution manages the 3G pooling system on behalf of the institutions,
  - €220.7 billion in securities encumbered for repurchase agreements/securities lending purposes and €15.1 billion in encumbered assets for derivatives (including margin calls). These transactions are mainly carried out by Natixis.



10

LEGAL RISKS

10.1 Legal and arbitration proceedings – BPCE

Check imaging exchange *(échange image chèques)* commissions

Marketplace antitrust case initially involving Banques Populaires Participations (BP Participations) and Caisses d'Epargne Participations (CE Participations) and BPCE since it merged with and absorbed BP Participations and CE Participations.

On March 18, 2008, BFBP and CNCE received, as was the case for other banks on the marketplace, a notice of grievance from the French anti-trust authority. The banks are accused of having established and mutually agreed on the amount of the check imaging exchange commission, as well as related check commissions.

The anti-trust authority delivered its decision on September 20, 2010 to fine the banks found guilty (€90.9 million for BPCE). These banks (except for the Banque de France) lodged an appeal.

On February 23, 2012, the Paris Court of Appeals overruled the anti-trust authority's decision and the €90.9 million fine paid by BPCE was refunded.

On March 23, 2012, the anti-trust authority launched an appeal of the Court of Appeals' ruling.

On the referral of the anti-trust authority, on April 14, 2015, the Court of Cassation overturned the Court of Appeals' 2012 ruling due to breach of procedure. The banks were once again required to pay the fine.

BPCE, along with the other accused banks, referred this ruling to the Paris Court of Appeals, requesting that it purge this breach of procedure and uphold its 2012 decision, ensuring that BPCE will ultimately be reimbursed.

The Second Court of Appeals ruled on December 21, 2017 and confirmed the 2010 analysis of the anti-trust authority, thus contradicting the initial decision by the Paris Court of Appeals in 2012.

The Court considered that the introduction of the EIC commission and CSCs constitute anti-competitive practice in its nature and upheld the conviction to pay the fine set by the ADLC. However, the Court reduced the amount of Caisse d'Epargne's fine by €4.07 million, by canceling the 10% increase to the fine imposed by ADLC on certain banks for their key roles in negotiations. BPCE, standing in for CE Participations, should retrieve this amount of €4.07 million from the Treasury.

On January 22, 2018, the banks filed an appeal with the Court of Cassation.

On January 29, 2020, the Court of Cassation rendered its verdict and overturned the appeal for lack of legal grounds on the demonstration of collusion. The ruling referred the case back to the Court of Appeal, with the banks returning to their position subsequent to the ruling of the *Autorité de la concurrence* (ADLC), the French competition authority.

The Court of Appeal of Reference issued its decision on December 2, 2021 and reformed almost the entirety of the decision of the Competition Authority of 2010 sanctioning 11 banks and canceled the €384.9 million of fines imposed on the banks.

This ruling on remand after a second cassation (ruling of January 29, 2020), allowed BPCE SA to recover on December 30, 2021 the total sum of €90,962,647.35 (corresponding to the €38.09 million for the BPs and €48.74 million for the CEs), as well as the additional €4 million paid by BPCE SA to the French Treasury in April 2020 (corresponding to the reimbursement of the reduction in the CEs' fine pronounced by the appeal ruling of December 21, 2017).

In its decision, the Court of Appeal found that the introduction, at the time of the transition to dematerialization of check processing, of interbank commissions for the exchange of check images (CEIC) and for related services on the cancellation of wrongly cleared transactions (AOCT), did not distort competition either by its object or by its effects. As to the anti-competitive object of the agreement, according to the Court, in the absence of experience with this type of compensatory and dissuasive fee, it cannot be considered that by their very nature they are sufficiently harmful to competition to be qualified as a restriction of competition by object. As to the effects of the agreement, the Court considers that it has not been established that CEIC has had any real effects on the prices of the check remittance service, and therefore, that it has effectively constrained the banks in their pricing policy. The Paris Court of Appeal therefore concluded that none of the grievances notified to the Banks were well-founded and, consequently, ruled that it had not been established that the introduction, by the agreement of February 3, 2000, of the disputed interbank commissions and the collection of these commissions as of January 1, 2002 infringed the provisions of Article 101 TFEU and Article L. 420-1 of the French Commercial Code.

On December 31, 2021, the Chairman of the French Competition Authority filed an appeal in cassation against the judgment of the Court of Appeal of December 2, 2021.

10.2 Legal and arbitration proceedings – Natixis

Madoff fraud

The Madoff outstandings are estimated at €319.3 million inequivalent value at December 31, 2021, fully provisioned at this date,compared to €503.4 million at December 31, 2020, following theconfirmation of the liquidation of certain assets deposited in thename of Natixis and fully provisioned. The effective impact of thisexposure will depend on both the extent of recovery of downinvested for Natixis and the outcome of the measures taken by thebank, notably in terms of legal proceedings. Furthermore, in 2011 adispute emerged over the application of the insurance policy forprofessional liability in this case, which had been taken out withsuccessive insurers for a total amount of €123 million. InNovember 2016, the Paris Court of Appeal vindicated theCommercial Court's prior ruling that primary insurers were liable tocover the losses incurred by Natixis due to the Madoff fraud, up tothe amount for which the bank was insured. On September 19, 2018,the Court of Cassation subsequently annulled the judgment underappeal and referred the case back to the Paris Court of Appeal with adifferently constituted bench. On September 24, 2019, the Court ruled against Natixis, overturning the ruling by the Commercial Courtof Paris. Natixis filed an appeal with the Cour de Cassation inDecember 2019. The Court of Cassation dismissed the appeal onNovember 4, 2021, so that the judgment of the Paris Court ofAppeals of September 24, 2019, unfavorable to Natixis, became finaland irrevocable.

Irving H. Picard, the court-appointed trustee for Bernard L. Madoff Investment Securities LLC (BMIS), submitted a restitution claim concerning the liquidation of amounts received prior to the discovery of the fraud through a complaint filed with the United States Bankruptcy Court for the Southern District of New York against several banking institutions, including a $400 million claim against Natixis. Natixis denies the allegations made against it and has taken the necessary steps to defend its position and protect its rights. Natixis has launched appeals, including a motion to dismiss the case on a preliminary basis, or prior to any ruling on the merits, and a motion to withdraw the reference to transfer certain matters to the United States district court. These proceedings have been subject to numerous rulings and appeals and are still ongoing. A November 2016 ruling by the bankruptcy court dismissed a number of restitution claims initiated by the trustee on the grounds of extraterritoriality. In September 2017, the Second Circuit Court granted the BMIS liquidator and the defendants the right to appeal the bankruptcy court's ruling on the grounds of extraterritoriality directly through the Second Circuit, thereby avoiding the need to file an intermediary appeal with the district court. In February 2019, the Court of Appeals for the Second Circuit overturned the bankruptcy court's extraterritoriality ruling.

In August 2019, Natixisjoined the group of defendants that filed a request for permission toappeal the Second Circuit Court's ruling before the Supreme Court.In June 2020, the Supreme Court refused to hear the case. The courtof the Second Circuit clarified the concept of "good faith" by deciding(i) that it is determined according to the standard of "inquiry notice"which is less favorable to the defendants, and (ii) that the burden ofproof lies not with the liquidator of BMIS but with the defendants.These preliminary points having now been decided, the proceedings are continuing on the merits.

Furthermore, the liquidators of Fairfield Sentry Limited and Fairfield Sigma Limited have initiated a large number of proceedings against investors having previously received payments from these funds for redemptions of shares (over 200 proceedings have been filed in New York). Some Natixis entities have been named as defendants in some of these proceedings. Natixis deems these proceedings to be entirely unfounded and is vigorously defending its position. These proceedings have been suspended for several years, and in October 2016 the bankruptcy court authorized the liquidators to modify their initial claim. The defendants filed joint responses in May and June 2017. In August 2018, the bankruptcy court ruled on a motion to dismiss filed by the defendants (requesting that the case be dismissed on a preliminary basis and prior to any ruling on the merits). The judge only gave a ruling on one of the merits (that of personal jurisdiction), having found that the latter was missing from the claim made against the defendants. In December 2018, the judge ruled on the motion to dismiss, rejecting the liquidators' common law claims (unjust enrichment, money had and received, mistaken payment and constructive trust) as well as contractual claims. However, it overturned the motion to dismiss in respect of claim founded on British Virgin Islands' law, while reserving the right to file a plea for the application of Section 546(e) safe harbor provision. In May 2019, the liquidators appealed the bankruptcy court's ruling before the District Court. The defendants, including Natixis, submitted on March 9, 2020 a motion to dismiss this appeal and renewed this initial motion on March 16, 2020. The bankruptcy court asked the defendants to limit the motion to dismiss to arguments that can lead to the dismissal of all the actions of the liquidators (as per Section 546 (e) of the safe harbor provision or impropriety of the initial petition). In December 2020, the bankruptcy court dismissed the action brought under the law of the British Virgin Islands, considering that the defendants, including Natixis, are covered by Section 546 (e) safe harbor. This decision, which may result in the rejection of claw back requests, is subject to appeal. The case is ongoing.

Criminal complaint coordinated by ADAM

In March 2009, the Paris public prosecutor's office (Parquet de Paris) launched a preliminary investigation into a complaint filed by Natixis minority shareholders and coordinated by the Association de D fense des Actionnaires Minoritaires (ADAM – Association for the Defense of Minority shareholders). As the plaintiffs have initiated civil proceedings, a judicial investigation opened in 2010. On February 14, 2017, Natixis came under investigation for false and misleading information on account of two messages sent in the second half of 2007, at the beginning of the subprime crisis.

After judicial investigation, a committal for trial was ordered on June 28, 2019.

The committal concerns only one of the messages, disseminated on November 25, 2007, explaining the risks to which Natixis was exposed at the time as a result of the subprime crisis. The second message was dismissed.

The Paris Criminal Court, in a judgment handed down on June 24, 2021, condemned Natixis, deeming insufficient the information provided by said press release of November 25, 2007, and more specifically the risks to which the bank was exposed at the time due to the subprime crisis.

It imposed a fine of €7.5 million. The civil parties were awarded total compensation of around €2 million.

Natixis, which considers that it has not committed any offense, appealed against this judgment, as the Paris Criminal Court did not take into account the arguments presented at the hearing.

MMR claim

In 2007, Ixis Corporate & Investment Bank (the predecessor of Natixis) issued EMTNs (Euro Medium Term Notes) indexed to a fund that invested in the Bernard Madoff Investment Securities fund. Renstone Investments Ltd (the apparent predecessor of MMR Investment Ltd) is alleged to have subscribed, via a financial intermediary acting as the placement agent, for these bonds in the amount of US$50 million.

In April 2012, MMR Investment Ltd filed a joint claim against Natixis and the financial intermediary before the Commercial Court of Paris, claiming not to have received the bonds, despite having paid the subscription price to the financial intermediary. The claim mainly concerns the reimbursement of the subscription price of the bondsand, as an alternative, the annulment of the subscription on the grounds of defect in consent.

On February 6, 2017, the Commercial Court of Paris dismissed all of MMR Investment Ltd's claims. This ruling was upheld by the Paris Court of Appeal on October 22, 2018. An appeal was brought by MMR Investment Ltd. On September 8, 2021, the Court of Cassation dismissed MMRI's appeal.

Securitization in the United States

Since 2012, five separate legal proceedings regarding residential mortgage-backed security (RMBS) transactions executed between 2001 and mid-2007 have been initiated against Natixis Real Estate Holdings LLC before the New York Supreme Court.

Two of these five proceedings relate to accusations of fraud. One was dismissed in 2015 as time-barred. Some of the claims relating to the second case were also dismissed as time-barred and, in 2018, Natixis settled the outstanding claims before the court issued a final ruling on the merits of the case.

purportedly on behalf of certificate holders, alleging that Natixis failed to repurchase defective mortgages from certain securitization transactions. Two of them were dismissed as time-barred, and the plaintiffs' appeals were also dismissed. As for the only action currently in progress, which involves a claim of approximately US$820 million, Natixis believes that the claims against it are unfounded for a number of reasons. In particular because the actions against it are time-barred and because the plaintiffs do not have standing to act.

EDA Selcodis

Through two complaints filed on November 20, 2013, Selcodis, on the one hand, and EDA, on the other, brought joint claims before the Commercial Court of Paris against Natixis and two other banking institutions for unlawful agreement, alleging that such actions led to the refusal to grant a guarantee to EDA and to the termination of various loans.

Under this lawsuit, Selcodis is claiming compensation for the losses purportedly suffered as a result of the court-ordered liquidation of its subsidiary EDA, and is requesting that the defendants be ordered to pay damages and interest, which it assesses to be €32 million. For its part, EDA is requesting that the defendants be ordered to bear the asset shortfall in its entirety, with its amount being calculated by the court-appointed receiver.

Natixis considers all of these claims to be unfounded.

On December 6, 2018, after consolidating these claims, the Commercial Court of Paris found them to have expired and deemed them closed. The plaintiffs filed an appeal against this ruling in January 2019.

The judgment was delivered on June 24, 2020. The Court of Appeal dismissed the claim that the proceedings were time-barred. It was decided not to appeal to the Court of Cassation.

The resumption of proceedings took place in March 2021 to resume the action on the merits. The case is ongoing.

MPS Foundation

In June 2014, MPS Foundation (Fondazione Monte dei Paschi di Siena), an Italian foundation, filed a claim against 11 banks, including Natixis, which granted it financing in 2011 at the request of its previous executive officers, on the grounds that the financing thus granted was in violation of its bylaws, which state that MPS Foundation cannot hold debt exceeding 20% of its total balance sheet. The damages claimed by MPS Foundation against the banks and its former directors amount to €285 million.

Natixis considers these accusations to be unfounded.

Following an objection as to jurisdiction, the Tribunal of Siena referred the case to the Tribunal of Florence on February 23, 2016.

On December 20, 2021 an agreement was signed (notably providing for the payment by Natixis of €922,221.30) and the plaintiff agreed to waive its legal action. The file is closed.

Formula funds

Following an inspection by the AMF in February 2015 with regard to Natixis Asset Management's (now Natixis IM International) compliance with its professional obligations, particularly the management of its formula funds, the AMF's Enforcement Committee delivered its decision on July 25, 2017, issuing a warning and a fine of €35 million. The Enforcement Committee found a number of failings concerning the redemption fees charged to funds and structuring margins.

Natixis IM International filed an appeal against this ruling with the French Council of State. In its decision of November 6, 2019, the French Council of State overturned the Enforcement Committee's decision, reducing the fine to €20 million. It let the warning stand

In addition, UFC-QUE CHOISIR, in its capacity as a consumer rights non-profit, brought claims before the Paris District Court on March 5, 2018 against the Asset Management company to obtain compensation for the financial losses suffered by the holders of the formula funds in question. The case is ongoing.

Société Wallonne du Logement

On May 17, 2013, Soci t Wallonne du Logement (SWL) filed a complaint against Natixis before the Charleroi Commercial Court (Belgium), contesting the legality of a swap agreement entered into between SWL and Natixis in March 2006 and requesting that it be annulled.

All of SWL's claims were dismissed in a ruling by the Charleroi Commercial Court on November 28, 2014. On September 12, 2016, the Mons Court of Appeal annulled the contested swap agreement and ordered Natixis to repay to SWL the amounts paid by SWL as part of the swap agreement, less any amounts paid by Natixis to SWL under the same agreement and taking into account any amounts that would have been paid had the previous swap agreement not been terminated. The Court of Cassation of Belgium overturned this ruling on June 22, 2018. In February 2019, SWL lodged an appeal procedure with a Court of Appeal.

On April 22, 2020, the Court of Appeal of Li ge annulled the contested swap agreement and ordered Natixis to repay to SWL an amount corresponding to the difference between the execution cost of the contested swap agreement and the amounts that would have been paid had the previous swap agreement not been terminated, in addition to interest at the legal rate. Natixis appealed to the French Supreme Court against this decision.

An agreement was signed on December 27, 2021, ending the case.

SFF/Contango Trading S.A.

In December 2015, the South African Strategic Fuel Fund (SFF) entered into agreements to sell certain oil reserves to several international oil traders. Contango Trading S.A. (a Natixis subsidiary) provided financing for the deal.

In March 2018, SFF filed a lawsuit before the South African Supreme Court (Western Cape division, Cape Town), primarily against Natixis and Contango Trading S.A., with a view to having the agreements invalidated, declared null and void, and to obtain fair and equitable compensation.

A judgment was delivered on November 20, 2020 declaring the nullity of the transactions and granting Contango Trading S.A. restitution and reparations in the amount of US$208,702,648. On December 22, 2020, the judge authorized SFF and Vitol to appeal this judgment and at the same time SFF paid Contango Trading S.A. the sum of US$123,865,600 in execution of the uncontested part of the judgment.

This ruling was partially appealed.

On March 11, 2021, Contango Trading S.A. decided to file a tort action in order to preserve its rights and avoid the statute of limitations on the tort claim.

Lucchini Spa

In March 2018, Natixis S.A. was summoned, jointly and severally with other banks, by Lucchini Spa (under extraordinary administration) to appear before the Court of Milan, with alleging improprieties in the implementation of the loan restructuring agreement granted to Lucchini Spa.

In its decision on July 21, 2020, the Court of Milan dismissed all Lucchini Spa's claims and sentenced it to pay cost of proceedings for a total amount of €1.2 million, of which €174,000 for each bank or group of banks.

Lucchini Spa appealed against the judgment. The case is ongoing.

Competition Authority/Natixis Intertitres and Natixis

On October 9, 2015, a company operating in the meal voucher industry lodged a complaint with the Competition Authority (Autorit de la Concurrence) to contest industry practices with respect to the issuance and acceptance of meal vouchers. The complaint targeted several French companies operating in the meal voucher industry, including Natixis Intertitres.

In its decision of December 17, 2019, the Competition Authority ruled that Natixis Intertitres had participated in a practice covering the exchange of information and a practice designed to keep new entrants out of the meal voucher market.

Natixis Intertitres was fined €4,360,000 in its own right, along with two other fines totaling €78,962,000, jointly and severally with Natixis.

This decision was the subject of a press release from the Competition Authority dated December 18, 2019.

Natixis and Natixis Intertitres have appealed against this decision and believe they have strong arguments to challenge it. Under these conditions, no provisions were made in the financial statements at December 31, 2019, or at subsequent closing dates. This situation is unchanged as of December 31, 2021.

Bucephalus Capital Limited/Darius Capital Conseil

On June 7, 2019, Bucephalus Capital Limited (a UK law firm), together with other firms, brought claims against Darius Capital Partners (a French law firm, now operating under the name Darius Capital Conseil, a 70%-held subsidiary of Natixis Investment Managers) before the Paris Commercial Court, to contest the breach of various contractual obligations, particularly with respect to a framework agreement dated September 5, 2013 setting out their contractual relations and various subsequent agreements. Bucephalus Capital Limited claims a total of €178,487,500.

Darius Capital Conseil consider these claims to be unfounded. The case is ongoing.

European government bonds antitrust litigation

At the end of December 2019, Natixis was added as a defendant in a class action brought to the US District Court, SD New York, on allegations of violations in the market for European Government Bonds (EGBs) between January 1, 2007 and December 31, 2012. The class action was initially brought against several identified banks and banks of unknown identity ("John Doe") in March 2019.

Natixis, like the other defendants in this case, requested the dismissal of the action on a preliminary basis and before any decision on the merits on multiple grounds, a request which was denied at this stage.

Natixis intends to continue to defend itself vigorously, both on the merits and procedurally, against these allegations that it considers unfounded.

Disputes involving the set-off of receivables

On July 17, 2020, a case was brought against Natixis and another defendant before the English courts in order to request a declaratory judgment recognizing the merits of a set-off made on a transaction financed by Natixis. The plaintiff is also contesting the transfer to Natixis of the payment rights under the transaction. Natixis counterclaimed for payment in the amount of US$55,396,323.46. An agreement, the terms of which are confidential, was reached and, in November 2021, the English courts issued a decision terminating the proceedings.

In March 2020, cases were brought before the courts of the State of New York following a set-off made by Natixis upon the payment of a standby letter of credit, the set-off taking into account a debt of the recipient in the form of a standby letter of credit. Natixis asked the Court to uphold the merits of the set-off and to dismiss the demand for payment made against the bank in the amount of US$46,076,165.15. The Court ruled against Natixis, which filed an appeal.

European Government Bonds - Cartel Decision

On May 20, 2021, the European Commission issued an infringement decision against Natixis and found that it had breached EU competition rules by participating in a cartel on the primary and secondary European Government Bonds market in 2008-2009.

As Natixis left the cartel more than five years before the Commission began its investigation, it benefited from the limitation period. No fines were thus imposed on Natixis.

On July 30, 2021, Natixis filed a request with the General Court of the European Union to set aside the Commission's decision. The appeal is based, in particular, on the argument that the Commission is only entitled to issue a decision on infringement if it can demonstrate a "legitimate interest" in doing so, and on the argument of infringement of Natixis' rights of defense.

Collectif Porteurs H2O

At the end of October 2021, a non-profit organization called "Collectif porteurs H2O" and 85 natural and legal persons claiming to have invested in seven UCITS managed by the UK H2O AM LLP entity and the French H2O AM Europe entity, between 2015 and 2021 (hereinafter the "Fund"), brought proceedings against the Luxembourg entity Natixis Investment Managers S.A. before the President of the Paris Commercial Court, alongside the main players in the funds (managers, statutory auditor, custodian), as part of a summary action. This was not an action for damages, but a procedure aimed at obtaining the appointment of an expert and the production of evidence relating to the management of the Funds.

10.3 Dependency

BPCE is not dependent upon any specific patents, licenses, industrial procurement contracts, or commercial or financial agreements.

11

NON-COMPLIANCE AND SECURITY RISKS

In accordance with the legal and regulatory requirements mentioned above, and with the professional standards and control charters governing Groupe BPCE, the functions managing compliance risk are organized as part of the internal control system of all Groupe BPCE institutions and subsidiaries as a whole.

The Group Compliance division, which reports to the Groupe BPCE Corporate Secretary's Office, performs its duties independently of the operational departments and the other Internal Control departments with which it collaborates. It includes the following divisions:

- Bancassurance compliance;
- Financial Savings Compliance Ethics;
- Financial Security in charge of AML/CFT (Anti-Money Laundering and Combating the Financing of Terrorism), compliance with sanctions and embargo measures, anti-corruption and internal fraud;
- Cross-functional oversight and Coordination of Compliance functions;
- Compliance and permanent control of Eurotitres;
- BPCE SA compliance and operational risks and coordination of subsidiaries.

The Compliance division, "compliance verification function" defined by the EBA and included in the Ministerial Order of Nov 3, 2014, amended by the Ministerial Order of Feb 25, 2021, is responsible for the prevention, detection, measurement and monitoring of non-compliance risks to ensure their control.

The Group Compliance division carries out its duties within the framework of business line operations.

It helps guide, motivate, manage and control the Heads of the Compliance function of the affiliates and subsidiaries. The Compliance Officers appointed within the different Group entities, including the Banque Populaire and Caisse d'Epargne banks and direct subsidiaries covered by the regulatory system of banking and financial supervision, are functionally subordinate to the Compliance division.

The Group Compliance division 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 compliance risks throughout the Group. As such, it builds and revises the standards proposed for the governance of Groupe BPCE, shares best practices and coordinates working groups consisting of departmental representatives.

The dissemination of a culture of compliance risk and consideration of the legitimate interests of customers is also reflected in the training of employees in the sector and the raising of awareness of other departments, in particular the Retail Banking and Insurance division and the Digital 89C3 division.

Accordingly, the Group Compliance division:

- collaborates and validates the content for the training materials used for the Compliance function in coordination with the Group Human Resources division and the Risk Governance department of the Risk division, which coordinates the annual work schedule for the Risk and Compliance functions;
- helps train Compliance staff, mainly through specialized annual seminars (financial security, compliance, ethics, coordination of permanent compliance controls, etc.);
- coordinates the training of Directors or Heads of Compliance through a dedicated system in conjunction with the Risk culture and Compliance division of the Risk division;
- coordinates and checks the Compliance function of the Group institutions, notably by holding national compliance days, and *via* a system of permanent controls coordinated at Group level;
- draws on the expertise of the Compliance functions of Group institutions *via* theme-based working groups, in particular to develop and implement compliance standards.

In addition, BPCE's corporate compliance, the entities of the Financial Services and Expertise division (FSE) and the other subsidiaries attached to BPCE, including BPCE International, have also been overseen and managed by the Group Compliance division since early 2020.

11.1 Compliance

Organization

The Group Compliance division has three main business lines and a cross-functional structure dedicated to the management and coordination of Compliance.

Compliance is organized as follows:	**Bancassurance Compliance** contributes to the prevention of risks of non-compliance with regulations and professional standards in the scope of banking and non-life insurance activities. As such, it supports the operational sectors in the development and dissemination of standards (including ACPR recommendations and EBA guidelines) and in bringing their processes into compliance with regulatory changes. Bancassurance Compliance also studies the launch of new products and participates in the validation of commercial processes and documents. Lastly, it supports and leads the Compliance department on all these subjects, and contributes to the development of training modules for Group employees. **Financial Savings Compliance and Ethics** covers the compliance and ethics of financial activities as defined by the General Regulation of the *Autorité des marchés financiers* (AMF), the French financial markets authority, as well as the prevention of risks of non-compliance in legislative and regulatory areas in the life insurance and foresight scope. Within the aforementioned scope, this division is responsible for implementing the applicable regulations and carries out missions related in particular to the approval of products and services, the validation of commercial materials, the training of employees and the prevention of conflicts of interest, while safeguarding the customer's interests and ensuring compliance with market rules and professional standards in banking and finance, together with internal rules and regulations on ethics. It also includes oversight of investment services and the operating procedures of investment services compliance officers (RCSIs). Since the end of 2016, investment services compliance has also included SRAB commitments (Separation and Regulation of Banking Activities) – Volcker office. It supports, coordinates and supervises the Compliance function of the Group's entities in this area. Lastly, since 2021, it has been in charge of the Group Ethics system. **Financial Security** covers activities related to anti-money laundering and counter-terrorism financing (AML/CFT), international financial sanctions, embargoes and asset freezes, and anti-corruption measures. It supports and coordinates the Compliance function on all these topics, updating the reference documentation in compliance with regulatory changes in AML/CFT, national and international financial embargoes, and anti-corruption measures. **Steering and Cross-functional Coordination** covers the coordination of Compliance functions, and the centralization of relations with regulators, supervisors and the Group General Inspection in compliance matters. Drawing on the expertise of the Bancassurance Compliance and Financial Savings Compliance divisions, it manages the mapping of compliance risks, supervises reporting systems and works on cross-functional projects with the aim of improving the control of compliance risks by Groupe BPCE institutions.

1. Measurement and supervision of non-compliance risk

- Non-compliance risks are analyzed, measured, monitored and managed in accordance with the Ministerial Order of November 3, 2014 (amended February 25, 2021), with the aim of:
  - ensuring a permanent overview of these risks and the associated risk prevention and mitigation system, including updated identification under the new non-compliance risk-mapping exercise;
  - ensuring that the largest risks, if necessary, are subject to controls and action plans aimed at supervising them more effectively.
- Groupe BPCE manages non-compliance risk by mapping out its non-compliance risks and implementing mandatory Level 1 and 2 compliance controls common to all Group retail banking institutions.
- The impact of non-compliance risk was calibrated and measured with the Group's operational risk teams, using the methodology of operational risk tool OSIRISK, covering the risk management systems established by the institutions aimed at reducing gross risk levels.

2. Product governance and supervision

- All new products and services, regardless of their distribution channels, as well as sales materials that fall within the Compliance function's remit, are reviewed by Compliance beforehand. The purpose of this review is to ensure that applicable regulatory requirements are met and that targeted customers – and the public at large – receive clear and fair information. Product supervision is carefully conducted over the entire product life cycle.
- Compliance also coordinates the approval of national sales challenges, ensures that conflicts of interest are managed properly and guarantees that customer interests always come first.
- Compliance is careful to ensure that sales procedures, processes and policies guarantee that the rules of compliance and ethics are observed at all times for all customer segments, and in particular that the advice given to customers is appropriate to their needs.

In 2021, Groupe BPCE continued the program set up to strengthen the completeness and compliance of regulatory customer knowledge files throughout the business relationship. The aim of the program, in conjunction with the IS platforms, is to prevent accounts from being opened if a customer's tax self-certification form has not been provided or regulatory records are not complete. Actions have also been taken to support Group institutions in correcting incomplete files (targeting customers, communication kits, reports). Lastly, efforts are under way to roll out a regulatory KYC update system.

BPCE continued working on the remediation plan for the marketing of financial savings products in accordance with the European Markets in Financial Instruments Directive (MiFID 2), the Insurance Distribution Directive (IDD) and PRIIPs.

BPCE has also implemented a remediation plan to bring Group entities into compliance with EMIR regulatory obligations concerning the reporting of SFTR (Securities Financing Transaction Regulation). This reporting has been implemented since July 13, 2020.

Customer protection

The Group's reputation and the trust of its customers are strengthened when the products and services it sells comply with regulations and the information it supplies is reliable. To maintain this trust, the Compliance division makes customer protection a top priority.

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 team employees. Ethics and compliance training, entitled "Fundamentals of professional ethics," has been set up for all Group employees. BPCE has also established a code of good conduct and ethics, rolled out to all Groupe BPCE institutions.

The new Markets in Financial Instruments Directive (MiFID 2) and PRIIPs regulation (Packaged Retail Investment and Insurance-based Products) strengthen investor protection and market transparency. They have an impact on the Group in its role as a distributor of financial instruments by enhancing the quality of the customer experience in terms of financial savings and insurance products:

- adjustments to customer and KYC data collection (customer profile, characteristics of customer plans in terms of objectives, risks and investment horizons), an updated questionnaire on each customer's financial investment knowledge and experience, and an updated questionnaire on customer risk appetite and loss tolerance, to ensure that suitable advisory services are provided;
- adaptation of offers associated with the financial services and products sold;
- formalization of customer advice (suitability report) and the customer's acceptance of said advice (issuance of customer alerts where necessary);
- organization of relations between the Group's manufacturers and distributors;
- inclusion of provisions related to the transparency of fees and charges at the required level of detail;
- production of periodic suitability reports and value-added reports for customers and recording of conversations for customer relations and advisory purposes;
- disclosure of transaction reports to regulators and the market, best-execution and best-selection requirements;
- participation in the development of employee training and the change management program related to these new provisions.

HIGHLIGHTS

In terms of banking inclusion, Groupe BPCE has strengthened its support system for financially fragile customers, in accordance with the provisions of the decree of July 20, 2020 and in line with the missions of the supervisors within the Group.

French Banking Separation and Regulation Act (SRAB)

The mapping of Groupe BPCE's market activities is regularly updated. It required the implementation of internal units subject to an exemption within the meaning of Law No. 2013-672 of July 26, 2013 on the separation and regulation of banking activities.

Quarterly indicators are calculated by Natixis, Palatine and BRED in accordance with Article 6 of the Ministerial Order of September 9, 2014 (amended by the Ministerial Order of March 18, 2019); these quarterly indicators are supplemented by an annual indicator as well as quantitative metrics such as NBI or the VaR of the said internal units.

Based on the work carried out by the Group, it has not been necessary to create a ring-fenced subsidiary, and mandates have been implemented at the different subsidiaries in order to supervise the various activities.

In conjunction with the calculations and other work done in accordance with this act, a compliance program was adopted and implemented as from July 2015 in response to the Volcker Rule (section 619 of the US Dodd-Frank Act) within the scope of BPCE SA and its subsidiaries. Taking a broader approach than that of the French Banking Separation and Regulation Act, this program aims to map out all the financial and commercial activities of BPCE SA group, notably to ensure that they comply with the two major bans imposed by the Volcker Rule: the ban on proprietary trading and on certain transactions related to covered funds. The Volcker Rule was amended in 2020, giving rise to new Volcker 2.0 and 2.1 provisions that relax the existing system.

As every year since July 2015, the Group has certified its compliance with the Volcker system. Note: in early 2017, Groupe BPCE appointed a SRAB-Volcker officer responsible for the security of the banking segregation mechanisms.

11.2 Financial security

Organization

Financial security covers anti-money laundering and terrorist financing (AML-TF) measures as well as adherence to international sanctions targeting individuals, entities or countries, the fight against corruption and the fight against internal fraud.

BPCE'S INVOLVEMENT IN THE FIGHT AGAINST MONEY LAUNDERING AND THE FINANCING OF TERRORISM, IN COMPLIANCE WITH ECONOMIC AND FINANCIAL SANCTIONS PROGRAMS, IN THE FIGHT AGAINST CORRUPTION AND IN THE FIGHT AGAINST INTERNAL FRAUD

The prevention of these risks within Groupe BPCE is based on:

Corporate culture

Promoted across all levels of the company, corporate culture is built on:

- customer relations principles aimed at preventing risks, which are formalized and regularly communicated to the employees;
- a harmonized training system for Group employees and specific training for employees in the financial security sector.

Organizational structure

In accordance with Groupe BPCE's charters, each institution has its own financial security unit. The Corporate Secretary's Office has a dedicated department that oversees the sector, defines financial security policy for the entire Group, draws up and validates the various standards and procedures, and ensures that these risks are taken into account during the approval procedure for new commercial products and services by BPCE.

Specialized processes

In accordance with regulations, banks have methods for detecting unusual transactions that are specific to their risk classification. These can be used, if needed, to conduct closer analyzes and to submit the required reports to Tracfin (French financial intelligence agency) or any other competent service as promptly as possible. The Group's risk classification system incorporates the "at-risk countries" factor when addressing money laundering, terrorism, tax fraud and bribery. The system was also reinforced with the establishment of a database and automated scenarios specifically targeting terrorist financing. With respect to compliance with restrictive measures related to international sanctions, Group institutions are equipped with screening tools that generate alerts on customers (asset freezes on certain individuals or entities) and international flows (asset freezes and countries subject to European and/or US embargoes).

Supervision of operations

Internal reports on the prevention of these risks are submitted to company directors and governing bodies, as well as to the central institution.

11.3 Business continuity

The management of business interruption risk is handled from a cross-business perspective. This includes the analysis of the Group's main critical business lines, notably liquidity, payment instruments, securities, individual and corporate loans, and fiduciary activities.

Organization

The Group Business Continuity department, which reports to the Group Security division, performs its tasks independently of operational divisions. These include:

- 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 Groupe BPCE's internal and external bodies.

The tools associated with the crisis management system are constantly evolving to improve their ergonomics and increase the range of associated functions.

The Covid-19 pandemic crisis management has been downgraded to standby mode. This status ensures that the decisions of the public authorities are effectively taken into account.

Projects to improve operational resilience continued on the following topics:

- risk analyzes, using a mapping tool (ArcGIS), in order to check the consistency of the systems with an acceptable level of risk;
- the validation and deployment of a Group BCP management tool for customer institutions, future beneficiaries;
- the continuation of the criticality qualification of services within the framework of the contract repository being set up;
- the formation of a working group and the proposal of a cyber resilience roadmap to better address the risk of extreme chaos;
- the requirement to improve resiliency when using remote connection by allowing, in extreme cases, temporary connection of non-business workstations while maintaining an acceptable level of security.

11.4 Information System Security (ISS)

Organization

The Group Security department (DS-G) is in charge of Information System Security (ISS) and the fight against cybercrime. It defines, implements and develops Group ISS 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 System Security (RSSI-G), who leads this network, and Heads of ISS for all Group entities.

As such, the ISS managers of the parent company affiliates, direct subsidiaries and IS EIGs are functionally attached to the RSSI-G. This functional link takes the form of leadership and coordination actions. This means that:

- the RSSI-G is notified of the appointment of any heads of information system security;
- the Group information system security policy is adopted by individual entities in accordance with application procedures subject to validation by the Head of Group ISS;
- a report on the institutions' compliance with the Group's information system security policy, permanent controls, risk level, primary incidents and actions is submitted to the Group Head of IS System Security.

The project to develop an exhaustive ISS map of the Group's information systems, including the establishments' private information systems, continued.

Two major projects are ongoing:

- annual assessment campaign of the group's maturity on the five pillars of the NIST framework (Detect, Identify, Protect, Respond, Recover) in order to set numerical objectives, to pilot actions and to measure their effectiveness;
- group Identity and Rights Management (IAM) program with the following objectives:
  - establishing a Group database of individuals, applications and organizations,
  - implementing Group IAM governance,
  - including, if possible, all Group applications in the IAM roadmap, with automatic provisioning and an overview of authorizations.

ANTI-CYBERCRIME SYSTEMS

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.

Consequently, the Group's assets are constantly more 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) integrating a level 1, operating in 24x7 is operational.

Several actions have been carried out to strengthen the measures taken to combat cybercrime:

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

Raising employee awareness of cybersecurity

In addition to maintaining the Group's common foundation for raising awareness of ISS, 2021 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 application authorizations and rights to IS resources (mailing lists, shared mailboxes, shared folders, etc.), monitoring of all websites published on the Internet and follow-up of vulnerability treatment plans have been reinforced, as well as monitoring of the risk of data leakage by e-mail or the use of online storage and exchange services.

Moreover, new employee awareness-raising and training campaigns were launched:

- phishing test, phishing awareness campaign and support for employees in situations of repeated failure;
- participation in induction meetings for new employees, including the threats and risks associated with remote working situations.

12

OPERATIONAL RISKS

OPERATIONAL RISK POLICY

Groupe BPCE has set up a system for measuring non-financial risks through the standardized use of indicators. These cover the indicators of the RAF system, the indicators resulting from the Ministerial Order of November 3, 2014, but also qualitative indicators aimed at measuring the industry's adherence to operational risk standards.

The Group's operational risk policy consists of keeping all of these indicators below the set limits, by entity and on a consolidated basis. In the event of an overrun, appropriate measures and corrective actions must be taken by the business lines owning the risks to remedy the possible failures. These measures and corrective actions must be monitored by the committee in charge of operational risks.

The operational risk policy is reviewed annually by the dedicated committee.

Organization

The Group Operational Risk division (DROG) – part of the Group Risk division – is in charge of identifying, measuring, monitoring and managing the operational risks incurred in all activities and functions undertaken by Group institutions and subsidiaries.

The operational risk system consists of:

- central organization and a network of operational risk managers and officers, working in all activities, entities and subsidiaries of Group institutions and subsidiaries;
- a methodology based on a set of standards and an OR tool used throughout the Group.

The Operational Risk function operates:

- in all structures consolidated or controlled by the institution or the subsidiary (banking, financial, insurance, etc.);
- in all activities exposed to operational risks, including outsourced activities, within the meaning of Article 10 q and Article 10 r of the Ministerial Order of November 3, 2014 as amended "outsourced activities and services or other critical or essential operational tasks".

The Group Non-Financial Risk Committee (CRNFG) defines the risk policy rolled out to the institutions and subsidiaries, and the DROG ensures that the policy is applied throughout the Group.

Methodology

The operational risk management system is part of the Risk Assessment Statement (RAS) and Risk Assessment Framework (RAF) systems defined by the Group. These systems and indicators are adapted at the level of each Group institution and subsidiary.

The mapping methodology is part of the Group's permanent control system and includes the operational risk, compliance, information system security, personal and property safety and Permanent control functions.

Measurement of risk exposure is based on a forward-looking model, which quantifies and classes risk scenarios and thus provides the Non-Financial Risk Committees with the necessary elements to define their risk tolerance.

Risk-predictive indicators are produced from the main risks identified in the non-financial risk map.

Risk supervision and monitoring were improved through the drafting of reports aimed at providing a uniform measurement to the Group as a whole of its risk exposure and cost of risk.

The OR function's production staff perform two types of Level 2 controls on operational risks:

- comprehensive automated controls;
- sample-based manual controls.

BPCE's Operational Risk function ensures that the structure and systems in place at the institutions and subsidiaries allow them to achieve their objectives and fulfill their duties.

To that end, it:

- coordinates the function and performs risk supervision and controls at the institutions/subsidiaries and their subsidiaries;
- centralizes and analyzes the Group's exposure to non-financial risks, verifies the implementation of corrective actions decided by the Operational Risk Committee, and reports any excessive implementation times to senior management;
- performs controls to ensure that Group standards and methods are observed by the institutions and subsidiaries;
- performs a regulatory watch, distributes and relays operational risk alerts due to incidents with the potential to spread to the appropriate institutions/subsidiaries;
- prepares reports, by institution or subsidiary, for the Group and the regulatory authorities (COREP OR), analyzes the reports and content of the OR committees of the institutions and subsidiaries, and notifies the Group Non-Financial Risk Committee of any inadequate systems and/or excessive risk exposure, which in turn notifies the institution in question.

Operational risk oversight

Operational risk oversight within the Group is coordinated at two levels:

1. At the level of each Group institution	2. At Groupe BPCE level
The Operational Risk Committee is responsible for adapting the operational risk management policy and ensuring the relevance and effectiveness of the operational risk management system. Accordingly, it: • examines major and recurring incidents, and validates the associated corrective actions; • examines indicator breaches, decides on associated corrective actions, and tracks progress on risk mitigation initiatives; • examines permanent controls carried out by the Operational Risk function and in particular any excessive delays in implementing corrective actions; • helps organize and train the network of OR officers; • determines if any changes need to be made in local insurance policies; • the frequency of meetings depends on the intensity of the institution's risks, in accordance with three operational schemes reviewed once a year by the Group Non-Financial Risk Committee (CRNFG) and communicated to the entities.	The CRNFG meets quarterly and is chaired by a member of the Executive Management Committee. Its main duties are to define the OR standard, ensure that the OR system is deployed at the Group entities, and define the Group OR policy. Accordingly, it: • examines major risks incurred by the Group and defines its tolerance level, decides on the implementation of corrective actions affecting the Group and monitors their progress; • assesses the level of resources to be allocated; • reviews major incidents within its remit, validates the aggregated map of operational risks at Group level, which is used for the macro-level risk mapping campaign; • monitors major risk positions across all Group businesses, including risks relating to non-compliance, financial audits, personal and property safety, contingency and business continuity planning, financial security and information system security (ISS); • lastly, validates Group RAF indicators related to non-financial risks as well as their thresholds.

Incident and loss data collection

Incident data are collected to build knowledge of the cost of risks, continuously improve management systems, and meet regulatory objectives.

An incident log (incident database) was created to:

- broaden risk analysis and gain the knowledge needed to adjust action plans and assess their relevance;
- produce COREP regulatory half-year operational risk statements;
- produce reports for the executive and governing bodies and for non-management personnel;
- establish a record that can be used for operational risk modeling.

Incidents are reported as they occur, as soon as they are detected, in accordance with Group procedure. A whistleblowing procedure has been set up for major incidents and internal limit breaches to round out the incident data collection system.

Operational risk oversight

MAPPING

The operational risk management system relies on a mapping process which is updated annually by all Group entities.

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

This same mapping mechanism is used during the Group's ICAAP to identify and measure its main operational risks. The operational risk map also serves as a basis for the macro-risk mapping campaign covering the institutions, and thus for the Group overall.

ACTION PLANS AND MONITORING OF CORRECTIVE ACTIONS

Corrective actions are implemented to reduce the frequency, impact or spread of operational risks. They may be introduced following operational risk mapping, breaches of risk indicator thresholds or specific incidents.

Progress on key actions is monitored by each entity's Operational Risk Management Committee.

At Group level, progress on action plans for the principal risk areas is also specifically monitored by the Non-Financial Risk Committee.

Incident alert procedure

The alert procedure for serious incidents has been extended to the entire scope of Groupe BPCE. The aim of this system is to enhance and reinforce the system for collecting loss data across the Group.

An operational risk incident is deemed to be serious when the potential financial impact at the time of detection is over €300,000, or over €1 million for Natixis. Operational risk incidents with a material impact on the image and reputation of the Group or its subsidiaries are also deemed to be serious.

There is also a procedure in place covering material operational risks, within the meaning of Article 98 of the Ministerial Order of November 3, 2014, as amended by the Ministerial Order of February 25, 2021, for which the minimum threshold is set at 0.5% of Common Equity Tier 1.

Operational risk measurement

Groupe BPCE applies the standardized approach to calculate its capital requirements. Moreover, elements of internal control are considered in the assessment of the Group's net risk exposures.

HIGHLIGHTS

The following specific measures have been taken to monitor operational risk since the start of the health crisis:

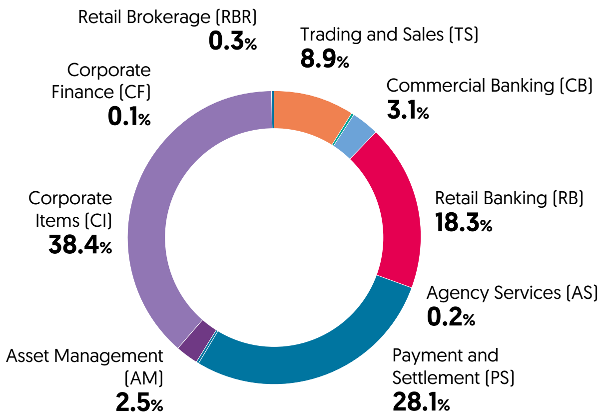
- measurement of impact completeness: joint oversight between CBCP (Contingency and Business Continuity Plan) functions and operational risks, with exchange of information and recognition of operating losses due to Covid-19 (during monthly videoconferencing sessions of institutions' Operational Risk functions);
- verification of completeness and quality of data input to the information system: weekly check of all operational risk incidents entered by all Group entities to ensure that Covid-19 related losses are clearly flagged as such (control carried out by Operational Risk function team);
- new incidents and monthly increases/decreases are reported for operational risk events related directly or indirectly to the health crisis (COREP view) as of March 1 (external fraud; execution, delivery and process management; damage to physical assets; employment practices and workplace safety; business disruption and systems failures; clients, products and business practice; internal fraud);
- establishment of monthly reporting on Covid-19 losses for submission to the ECB, Group company directors and the Operational Risk function (under the responsibility of the consolidated operational risks team);
- in addition, with the aim of improving risk management, work has been carried out to identify levers (changes in procedures, integration of IT workflows, strengthening of training, etc.) aimed at improving the results of key level one controls and adapting level two controls.

EU OR1 – CAPITAL REQUIREMENTS FOR OPERATIONAL RISK AND RISK-WEIGHTED EXPOSURE AMOUNTS

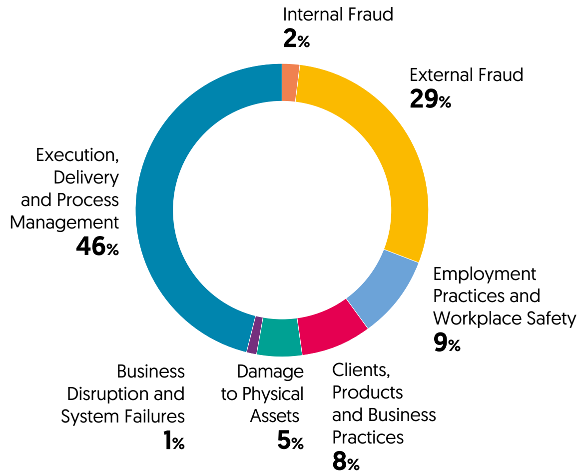
	Relevant indicator				
Banking activities	**Year n-3**	**Year n-2**	**Previous year**	**Capital requirements**	**Risk-weighted exposure**
Banking activities under basic indicator approach (BIA)	-	-	-	-	-
Banking activities under the Standardized Approach (TSA)/alternative standardized approach (ASA)	23,287	21,810	25,368	3,179	39,741
Standardized Approach (TSA):	*23,287*	*21,810*	*25,368*		
Alternative Standardized Approach (ASA):	-	-	-		
Banking activities under advanced measurement approach (AMA)	-	-	-	-	-

BREAKDOWN OF LOSSES

BREAKDOWN OF LOSSES BY BASEL BUSINESS LINE



BREAKDOWN OF LOSSES BY BASEL LOSS EVENT CATEGORY



Operational risk mitigation techniques

In terms of Insurance, the networks and subsidiaries benefit from coverage of their insurable operational risks under group Insurance policies contracted from leading Insurance companies. This system is complemented by a reinsurance captive that allows the adjustment of deductible levels.

COVERAGE OF INSURABLE RISKS

On January 1, 2021, BPCE SA had taken out (for itself):

- that of its subsidiaries, including Natixis;
- as well as the Banque Populaire and Caisse d'Epargne networks, with the exception of the Caisse d'Epargne Rhône Alpes with respect to the "Property Damage" insurance coverage for Registered offices & Similar and their contents (including IS equipment) and the consequent "losses in banking activities", described below in point E/;

the following main Insurance policies to cover its insurable operational risks and protect its balance sheet and income statement:

A/ Combined "Global Banking (Damages to Valuables and Fraud)" & "Professional Civil Liability" policy with a total maximum payout of €215.5 million per year of insurance, of which:

a) €72.5 million per year, combined "Global Banking/Professional Civil Liability/Cyber Risks" and underlying the guaranteed amounts indicated in b) and/or c) and/or d) below,

b) €48 million per claim and per year (sub-limited in "Fraud" to €35 million per claim), dedicated to the "Global Banking" risk only,

c) €25 million per claim and per year, solely reserved for "Professional Civil Liability" risk,

d) €70 million per claim and per year, combined "Global Banking/Professional Civil Liability" insurance available in addition to or after use of the amounts guaranteed set out in b) and/or c) above;

the maximum amount that can be paid out for any one claim under this arrangement is €118.5 million under "Professional Civil Liability" coverage and €119 million under "Fraud" coverage in excess of the applicable deductibles;

B/ "Regulated Intermediation Liability" (in three areas: Financial Intermediation, Insurance Intermediation, Real Estate Transactions/Management) with a total maximum payout of €10 million per claim and €13 million per year;

C/ "Operating Civil Liability" covering €100 million per claim, as well as a "Subsidiary Owner Civil Liability"/"Post Delivery-Reception Civil Liability" coverage extension for up to €35 million per claim and per year of insurance;

D/ "Company Directors Civil Liability" for up to €200 million per claim and per year of insurance;

E/ "Property Damage" to "Registered Offices & Similar" and to their content (including IS equipment) and the consecutive "losses in banking activities," for up to €300 million per claim (sub-limited to €100 million per claim and €200 million per year for consequential "losses in banking activities");

F/ "Protection of Digital Assets against Cyber-Risks" & the consecutive "losses in banking activities," for up to €140 million per claim and €196.5 million per year of insurance.

This coverage extends worldwide for initial risk or umbrella risk, subject to certain exceptions, mainly in terms of "Professional Civil Liability" where the policy does not cover permanent institutions based in the United States (where coverage is obtained locally by Natixis' US operations).

All the insurance policies mentioned above were taken out with reputable, creditworthy insurance companies and in excess of the deductibles and Groupe BPCE's risk-retention capacity.

13

INSURANCE, ASSET MANAGEMENT, FINANCIAL CONGLOMERATE RISKS

Organization

In coordination with the parent banks (BRED) and the insurance companies concerned (Natixis, Oney), Groupe BPCE's Risk division (DR) ensures that insurance risks (including technical risks) are effectively monitored within the main insurance companies in which the Group is the majority shareholder, *i.e.*, Compagnie Européenne de Garanties et de Cautions (CEGC), Prépar-Vie, Natixis Assurances including its subsidiary BPCE Assurances, and Oney Insurance. In addition, coordination is ensured with Parnasse Garanties and its parent company CASDEN.

BPCE SA has owned 100% of CEGC since 2019 and is therefore its parent bank.

Following the agreement to sell 29.5% share capital by Natixis to Arch Capital, Coface is consolidated on the basis of IAS 28 applicable to non-controlled companies. This shareholding no longer falls within the scope of the Group Risk Insurance and Financial Conglomerate functions since June 2020.

Insurance Risk Monitoring Committees (CSRAs) have been formally set up for each company, which meet on a quarterly basis.

In this context, the principle of subsidiarity applies, with checks carried out firstly by the insurance companies, then at the level of the Risk divisions of the parent banks of the companies (Natixis and BRED Banque Populaire), and finally by the Risk division of the parent banks of the companies (Natixis and BRED Banque Populaire). Groupe BPCE's Risk division, which informs the Group Risks and Compliance Committee (CRCG) every six months.

The Non-Banking Equity Risk division consists of four divisions:

1. Group Risk Insurance;
2. Asset Management Risk;
3. Financial Conglomerate;
4. Stress Tests and Methodologies.

Insurance technical risks

Insurance risk is the risk of any mismatch between expected losses and actual losses. Depending on the insurance products concerned, the risk varies according to changes in macroeconomic factors, changes in customer behavior, changes in public health policy, pandemics, accidents and natural disasters (*e.g.* such as earthquakes, industrial accidents or acts of terrorism or war). The credit insurance business is also exposed to credit risk.

The management of insurance risks requires a good understanding of the technical insurance risks in order to be able to meet its commitments to policyholders and contract beneficiaries; this is accompanied by special attention to the financial risks borne by assets under representation.

In addition to protecting the balance sheet and income statement of insurance companies, the aim is to guarantee the solvency and liquidity of insurance companies.

To this end, the Group's companies have put in place effective systems for measuring, reporting and managing risks. The important preparatory phase enabled the implementation of the systems to comply with the new regulatory requirements required since January 1, 2016 with the implementation of the Solvency II directive (Pillar I Quantitative Solvency Requirements, Pillar II Governance & ORSA, Pillar III Prudential reporting and public information).

In addition, since 2011 the Group has deployed an insurance risk unit. This meets the requirements of the Financial Conglomerates Directive 2002/87/EC (FICOD) and its transposition into French law by the Ministerial Order of November 3, 2014 on the supplementary supervision of financial conglomerates, through the Group's cross-functional insurance risk monitoring system, while at the same time ensuring functional and regulatory interoperability between the banking and insurance sectors.

Risks inherent to the Group's main companies

NATIXIS ASSURANCES

Natixis Assurances is the Insurance division of Natixis and is divided into two business lines:

- the personal insurance business, focused on developing portfolios of life insurance and endowment policies for investment and retirement purposes, as well as personal protection insurance portfolios;
- the non-life insurance business, focused on developing portfolios for auto and multi-risk home insurance, personal accident insurance, legal protection, healthcare and property & casualty insurance.

Given the predominance of the investment solutions activity, the main risks to which Natixis Assurances is exposed are financial. The company is also exposed to underwriting risks (life and non-life), as well as counterparty risk.

MARKET RISK

Market risk is in large part borne by subsidiary BPCE Vie on the financial assets that underpin its commitments with guaranteed principal and returns (euro-denominated policies: €63.9 billion on the main fund balance sheet). The company is exposed to asset impairment risk (fall in the equity or real estate market, widening spreads, interest rate hikes) as well as the risk of lower interest rates which would generate insufficient income to meet its guaranteed principal and returns. To deal with this risk, BPCE Vie has only sold policies with a minimum guaranteed return in recent years: more than 95% of the policies have a zero minimum guaranteed return. The minimum guaranteed return averages 0.12%. In addition, since mid-2021, the new contracts include a capital guarantee gross of management fees on outstandings.

To manage market risk, the sources of return have been diversified, namely *via* investments in new asset classes (funding the economy, infrastructure, etc.). This diversification is managed by a strategic allocation, defined on a yearly basis, that takes into account regulatory constraints, commitments to policyholders and commercial requirements.

CREDIT RISKS

Credit risk is monitored and managed in compliance with Natixis Assurances' internal standards and limits. On December 31, 2021, 67% of the fixed-income portfolio is invested in securities rated A or higher.

LIFE INSURANCE UNDERWRITING RISK

The main risk to which life insurance underwriting is exposed is associated with the investment solutions activity. In an especially low interest-rate environment, the biggest risk is that of fewer redemptions and/or excessive inflows in euro-denominated vehicles, as reinvestments in securities dilute the main fund's return. To prioritize inflows in unit-linked policies, measures have been taken, such as the creation of unit-linked products and communication campaigns, and a communication campaign targeting customers and the network.

NON-LIFE INSURANCE UNDERWRITING RISK

The non-life insurance underwriting risk to which Natixis Assurances is exposed is borne by its subsidiary BPCE Assurances:

- premium risk: to ensure that the premiums paid by the policyholders match the transferred risk, BPCE Assurances implemented a portfolio monitoring policy whereby each policy is given a score based on its track record over three years. The score factors in types of claims, number of claims, their cost and other variables specific to the activity in question (degree of liability and bonuses/penalties for auto insurance, for instance). This supervision policy also helps to detect potential risks arising from large claims, and to arrange adequate reinsurance coverage;
- risk of loss: each time inventory is taken, an actuarial assessment of the provisions for claims payable is conducted based on methods widely recognized by the profession and required by the regulator;
- catastrophe risk: catastrophe risk is the exposure to an event of significant magnitude generating a multitude of claims (storm, risk of civil liability, etc.). This risk is therefore reinsured either through the government in the event of a natural disaster or an attack, for example, or through private reinsurers, specifically in the event of a storm or a civil liability claim, or through reinsurance pools.

COUNTERPARTY RISK

The counterparty risk to which Natixis Assurances is exposed mainly concerns reinsurance counterparties. The selection of reinsurers is a key component of managing this risk:

- Natixis Assurances deals with reinsurers that are subject to a financial rating by at least one of the three internationally recognized rating agencies, and that have a Standard & Poor's equivalent rating of A- or higher;
- using several reinsurers ensures counterparty diversification and limits counterparty risk.

CEGC

Compagnie Européenne de Garanties et Cautions is the Group's Security and Guarantee insurance entity. It is exposed to underwriting risk, market risk, reinsurer default risk and operational risk.

In an economic context marked by a rebound in growth, the production of real estate loans guaranteed by CEGC has reached its highest level ever. The year 2021 recorded a very low claims ratio of nearly 15% of earned premiums (gross reinsurance ratio), partly due to a reversal of a portion of the claims provisioned in 2020 and not reported in 2021.

Under the Solvency 2 prudential regime, CEGC uses a partial internal model, approved by the ACPR. It meets the robustness requirements specific to the various real estate loan guarantors.

In 2021, CEGC benefited from a €75 million capital increase to reinforce the structure of eligible capital to cover the Solvency Capital Requirement.

UNDERWRITING RISK

Underwriting risk is the main risk incurred by CEGC. It is essentially a counterparty risk, as the commitments given by CEGC to beneficiaries of guarantees result in direct exposure to individual or corporate insured parties. These regulated commitments, provisioned under liabilities in the balance sheet, amounted to €2.85 billion on December 31, 2021 (up 13% compared to end-2020).

BPCE44 – AMOUNT OF CEGC REGULATED COMMITMENTS *(in millions of euros)*

CEGC activities	December 2021	Change December 2021 *versus* December 2020
Individual customers	2,553	12.8%
Single-family home builders	47	37.2%
Property administrators – Realtors	14	(12.4%)
Corporate customers	50	16.6%
Real estate developers	21	(3.0%)
Small businesses	98	13.2%
Social economy – Social housing	55	7.9%
Structured collateral	11	58.2%
TOTAL	**2,851**	**12.9%**

MARKET RISK

CEGC's short-term investment portfolio totaled around €3.32 billion on its balance sheet on December 31, 2021 hedging underwriting provisions. The amount of unrealized capital gains reached at December 31, 2021 is €200.3 million (-€42 million *vs.* December 31, 2020).

Market risk associated with the short-term investment portfolio is limited by the company's investment choices.

The company's risk limits are set out in the financial management charter and the asset management agreement established with Ostrum. As an insurance company, CEGC does not require funding, since insurance premiums are collected before the disbursement of claims. Nor does CEGC carry transformation risk: the investment portfolio is entirely backed by own funds and technical reserves.

BPCE45 – CEGC INVESTMENT PORTFOLIO

	12/31/2021			12/31/2020		
in millions of euros	Balance sheet value, net of provision	In%	Mark to market	Balance sheet value, net of provision	In%	Mark to market
Equities	260	7.84%	322	272	9.10%	286
Bonds	2,286	68.92%	2389	2,126	71.10%	2,324
Diversified	249	7.51%	256	197	6.60%	204
Cash	267	8.05%	267	163	5.40%	163
Real estate	199	6.00%	215	192	6.40%	208
FCPR	25	0.75%	38	18	0.60%	26
Private debt	28	0.84%	28	19	0.60%	19
Other	2	0.06%	2	2	0.10%	2
TOTAL	**3,317**	**100%**	**3,518**	**2,989**	**100%**	**3,231**

REINSURANCE RISK

CEGC hedges its liability portfolio by implementing a reinsurance program tailored to its activities.

In loan guarantees, reinsurance is used as a tool for regulatory capital management. It protects guarantee beneficiaries in the event of an economic recession leading to a loss of up to 2% of outstanding guaranteed loans.

In the corporate segments, the program is used to protect CEGC's capital by hedging against high-intensity risks. It has been calibrated to cover three major individual loss events (loss related to a counterparty or a group of counterparties) with the potential to significantly impact CEGC's income statement.

Reinsurer default risk is governed by counterparty concentration and rating limits. CEGC's reinsurance programs are underwritten by a broad panel of international reinsurers with a minimum rating of A on the S&P scale.

Asset Management risks

Like the system adopted for the Insurance business line, the operation of this system is based on subsidiarity with the Risk divisions of the parent banks and business lines; in particular, Natixis Investment Managers, which consolidates most of the Group's assets under management.

By setting up an Asset Management Risk System, the Risk division pursues the following main objectives:

1. identify the major risks that could impact the Group's solvency trajectory as a Financial Conglomerate to cover its banking or Conglomerate prudential ratios;
2. be associated with the contributions of the sector during Group exercises (ICAAP, PPR, stress test, etc.) so as to identify the risks of the business model on the contribution to results and equity, quantify them and prioritize them;
3. organize the management of the system by specifying a risk review and setting up a formal quarterly meeting;
4. inform General Management by presenting a summary of the review of the risks of our Asset Management activities to the CRCG.

In the Asset Management business line, the Risk division formally ensures: the coordination of the risk system (cross-functional workshops or focus); running cross-functional projects related to the banking sector; information to General Management with a summary report for the members of the CRCG.

The system is based on contributions from asset management companies and their work on risks.

Due to its large majority, the system relies mainly on Natixis Investment Managers. The re-use of existing work and methodologies locally is favored to establish supervision at the Group level. Key risk monitoring indicators are determined with Natixis IM in coordination with Natixis.

The Risk division, together with Natixis and/or Natixis IM, anticipates the impacts of consultations and regulatory changes.

The system also provides for the implementation of an annual review for asset management companies that are not significant at the Group level but significant for their parent banking company for the following entities: EcoFi Investissements, Palatine AM and Promepar AM.

Additional monitoring of the Financial Conglomerate

Groupe BPCE, identified by the ACPR/ECB as a financial conglomerate due to the absolute and relative size of its banking and insurance activities, is subject to the related additional monitoring requirements[1]. Since the entry into force of the Single Supervisory Mechanism (SSM), the ECB has coordinated the supervision of predominantly banking financial conglomerates.

As regards the financial conglomerate, CNP Assurances, in which BPCE is a minority shareholder, is subject to Group supervision because of its significance. This is done through a dedicated mechanism (CNP complementary monitoring committee) set up between the two groups. This committee is governed by internal rules, which set out the procedures for exchanging information necessary for the organization of this monitoring, and the rules of confidentiality applicable to its members.

Additional monitoring of the Financial Conglomerate

Engagement letter	Additional quarterly Supervisory Committee dedicated to CNP (CSC CNP)	Conglomerate Financial Committee
Approved by the Executive Board in December 2017 Identifies the work and players	Review of all risks, Focus on thematic risks, Coordination of cross-functional issues (Stress Tests, IFRS 17, etc.)	3/4 times a year depending on the themes & subjects reported in CRCG

The regulation related to the conglomerate requires an overview of the entire accounting consolidation scope (banking, insurance, Asset Management and non-financial sector). Additional monitoring focuses on:

- capital adequacy of the financial conglomerate;
- monitoring of intra-group transactions between the various entities of the conglomerate;
- monitoring the concentration of risks;
- risk management procedures and internal control system.

In terms of risk monitoring:

- the financial conglomerate approach aims to capture the main interactions between the banking, insurance and asset management sectors that could, due to an exogenous or endogenous event, impact the Group's risk profile and its main trajectories (results, solvency, liquidity);

(1) Directive 2002/87/EC of December 16, 2002 (as amended) on the additional supervision of credit institutions, insurance companies and banks belonging to a financial conglomerate, transposed into French law by the French law Order No. 2004-1201 of November 12, 2004, and the order of November 3, 2014 on the additional supervision of financial conglomerates.

- it makes it possible to consolidate the banking and insurance sector metrics, in particular capital requirements;
- Complementary supervision is based mainly on the banking system as a whole, and on the insurance and asset management risks.

In order to provide a forward-looking view of the Group's solvency through the financial conglomerate's reading grid, Groupe BPCE projects the excess equity over several years under different scenarios. The conglomerate's excess equity is monitored in the Group's RAF (Risk Appetite Framework) first-rate indicators.

The entire system, in its main dimensions – Insurance, Asset Management, Banking, Financial Conglomerate – is the subject of presentations and discussions with the joint ECB/ACPR supervision team, in particular at meetings dedicated to the JST (Joint Supervisory Team). In particular, the organization of the risk management system, as well as the main analyzes and points of attention brought to the attention of BPCE's General Management during the year, are reviewed.

STRESS TESTS & METHODOLOGIES

In a conglomerate approach, a global and integrated system of solvency trajectories and stress tests has been developed. This system encompasses and is based on the three regulations Solvency II, Basel III and Financial Conglomerate. The application of common assumptions in these three dimensions provides a holistic view of the Group's solvency.

The RD is mainly responsible for:

- coordinating the Group's approach to insurance sector stress tests, in particular the Solvency II ORSAs; from the determination of the detailed financial assumptions common to the companies, to the analysis at Group level of the results;
- the design of methodologies to link the insurance sector to banking exercises;
- analysis of the various simulations, with particular attention paid to contagion mechanisms and regulatory interactions (Solvency II[1], Basel III, Financial Conglomerate).

The Group's insurance companies are included in the banking STI (Internal Stress Tests) as part of the ICAAP (Internal Capital Adequacy Assessment Process) normative approach. The modeling includes:

- stressed insurance parameters (based on ORSA, Own Risk and Solvency Assessment) in addition to the economic and financial parameters used by the Group;
- the simulation of Solvency II ratios, SCR and MCR, in order to objectify any capital requirements;
- the simulation of IFRS variables (Net income retained or distributed, OCI, value and difference in equity method, etc.) impacting the bank solvency ratio in accordance with prudential specifications;
- fees and commissions paid by companies to the Group's distribution payment networks or asset managers.

CNP Assurances has been part of the Group's ICAAP approach since the establishment of the Complementary Supervisory Committee (CSC CNP).

As part of the ICAAP Economic Approach, the RPNB division has developed an Economic Capital model for Participations Assurance risk (carry and step-in risk). Designed in coordination with the BPCE/Natixis Finance divisions and the companies' Risk divisions, this model makes it possible to evaluate and monitor, using an internal economic approach, the bank capital consumed by insurance. It aims to enhance the joint management of the risk/profitability ratio.

In addition, the Risk division contributes to the Group's work, and coordinates or supervises the work of insurance companies, which have a quantitative or methodological dimension relating to bancassurance (actuarial methods, linking of insurance to EBA stress tests, etc.).

(1) The RD remains vigilant to changes in Solvency II regulations. EIOPA and the European Commission have issued their opinions on the second revision of directive 2009/138/EC. The final text will be submitted to the European Parliament.

Activities in 2021

INSURANCE	ASSET MANAGEMENT	FINANCIAL CONGLOMERATE	STRESS TESTS & METHODOLOGIES
Supporting Oney Holding in setting up an Insurance Risk Unit and quarterly committees at its offices	Analysis of Natixis IM risk monitoring indicators	CNP Complementary Monitoring Committee - Coordination and analysis (risk monitoring; focus on IFRS-17, non-compliance risks, ORSA)	Group Insurance & Bankassurance Normative Stress Tests - ORSA coordination, STI ICAAP & Conglomerate projections
Analysis of solvency ratios in the context of the Covid-19 crisis	Review of Risk Appetite Framework indicators	Real estate risks, Group Solvency and Liquidity (insurance-surety/bank interactions) - Detailed analysis, recommendations, project coordination	Economic Capital for the risk of Participations Assurance - Implementation of the step-in risk dimension
Review of Risk Appetite Framework indicators	Further work with RD NIM on potential liquidity risks within the funds	Intra-group transactions (contagion risks) & Risk concentration - Analysis of the impacts of the recast European reporting	Group Bancassurance Stress Tests - Coordination of the Insurance portion of the EBA Stress Test 2021

13

14

CLIMATE RISKS

14.1 Governance and structure

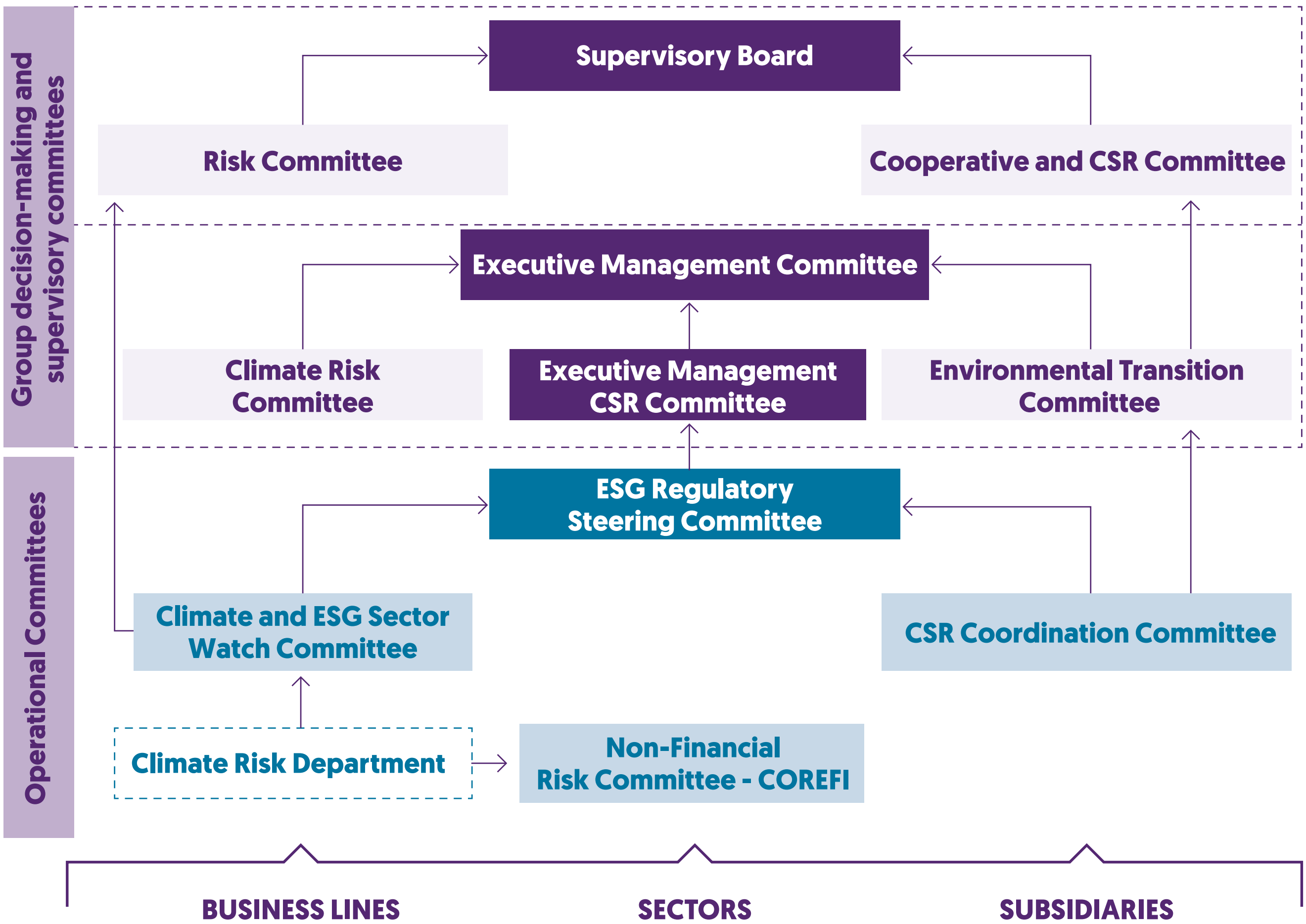
Groupe BPCE manages the climate risk strategy at three levels:

- the CSR division, reporting to the Chairman of the Management Board. It steers the development and implementation of the climate strategy;
- the Climate Risk department created on September 1, 2021, reporting to the Risk division. It is responsible for measuring, monitoring and controlling climate change-related risks for the entire Group, in conjunction with the climate risk correspondents in the Risk divisions of the institutions and subsidiaries;
- during the Climate Risk Committees, chaired by the Chairman of the Management Board. They monitor the implementation of Groupe BPCE's operational strategy for managing climate and environmental risks and prepare matters for the attention of the Supervisory Board's Risk Committee.

The Climate Risk department relies on a network of more than 50 climate correspondents set up in 2020, within the Risk divisions of the institutions in the Banque Populaire and Caisse d'Epargne networks, as well as in the Group's subsidiaries. Their main mission is to keep abreast of the work of the Climate Risk department and regulatory developments in order to be able to report them to the executive of their institution and, if necessary, to its governing bodies, with a view to putting them into operation.

As recommended by the ACPR in May 2020 in its document "Governance and management of climate risks", Groupe BPCE has also set up climate referents within each network who review quarterly with the Climate Risk department the status of projects developed, their deployment and the prioritization of future projects.

ORGANIZATION OF THE BODIES INVOLVED TO ADDRESS CLIMATE CHANGE



14.2 Acceleration of the integration of climate and environmental risks

Identification and assessment of climate risks

The identification of climate risks, their management and their control are fundamental steps in the definition of a climate strategy geared towards environmental transition.

For Groupe BPCE, climate risks correspond to the vulnerability of its activities to climate change. A distinction can be made between physical climate risk, which is directly related to extreme weather events caused by climate change, and transitional climate risk, which is related to the necessary adaptation of our activities and those of our customers to combat climate change.

The materiality of the risks associated with climate change is assessed by reference to the main categories of risk, such as credit risk, market risk and operational risk. Groupe BPCE has therefore put in place a robust system for identifying climate risk factors that could impact the Group's traditional risks, together with precise monitoring.

Groupe BPCE risk materiality matrix

As part of the publication of Groupe BPCE's first TCFD report in October 2021, the Risk division has defined a materiality matrix for climate risks:

<table>
<tr><th>RISK CATEGORY</th><th colspan="4">PHYSICAL RISKS</th><th colspan="2">TRANSITION RISKS</th></tr>
<tr><th rowspan="2">Types of risk</th><th colspan="2">Strategic Plan 2024 Horizon</th><th colspan="2">Time horizon: long term (> 4 years)</th><th rowspan="2">Strategic Plan 2024 Horizon</th><th rowspan="2">Time horizon: long term (> 4 years)</th></tr>
<tr><th>Algus</th><th>Chronic</th><th>Algus</th><th>Chronic</th></tr>
<tr><td>Credit and counterparty risk:
• customer defaults
• impairment of collateral</td><td colspan="2">Low</td><td colspan="2">Moderate</td><td>Moderate</td><td>High</td></tr>
<tr><td>Market and asset valuation risk:
• changes in the valuation of shares, interest rates, commodities, etc.</td><td colspan="2">Low</td><td colspan="2">Moderate</td><td>Low</td><td>Moderate</td></tr>
<tr><td>Liquidity and balance sheet structure:
• risk of a short-term liquidity crisis
• rirefinancing risk</td><td colspan="2">Low</td><td>Moderate</td><td>Low</td><td>Low</td><td>Moderate</td></tr>
<tr><td>Insurance claim</td><td colspan="2">Low</td><td>Moderate</td><td>Low</td><td>Low</td><td>Low</td></tr>
<tr><td>Own investment risk</td><td colspan="2">Low</td><td colspan="2">Moderate</td><td>Low</td><td>Low</td></tr>
<tr><td>Risk in customer portfolios
(insurance and asset management)</td><td colspan="2">Low</td><td colspan="2">Moderate</td><td>Low</td><td>Moderate</td></tr>
<tr><td>Operational risk</td><td colspan="2">Low</td><td colspan="2">Moderate</td><td>Low</td><td>Moderate</td></tr>
<tr><td>Reputational risk</td><td colspan="2">Low</td><td colspan="2">Low</td><td>Moderate</td><td>High</td></tr>
<tr><td>Strategic risk</td><td colspan="2">Low</td><td colspan="2">Moderate</td><td>Moderate</td><td>High</td></tr>
<tr><td>Legal, compliance and regulatory risk</td><td colspan="2">Low</td><td colspan="2">Low</td><td>Moderate</td><td>High</td></tr>
</table>

Macro-risk mapping

Since 2019, the macro-risk mapping includes climate risks in the "strategic, business and ecosystem risks" category. Initial indicators have been defined, measured and monitored for each institution to assess their relevance:

i. The aggregate amounts of the 99.9% VaR exposure of "natural disaster" and "extreme weather" events;

ii. The sum of "brown" outstandings according to the ACPR's 2017 definition (based exclusively on NACE-Statistical Classification of Economic Activities in the European Community);

iii. That of renewable energy assets;

iv. Climate sector provisions.

In 2021, 3 indicators have been added on the data as of December 31, 2020:

i. Share of "green" bonds, gathering green bond, social bond, sustainable bond, sustainability-linked bond, in the liquidity reserve;

ii. Share of liquidity reserve bonds held in issuers rated C- or lower by ISS ESG[1];

iii. Percentage of employees who have completed the "Climate Risk Pursuit", a climate risk acculturation tool, at least once.

These indicators will be reviewed in 2022. They allow an initial identification of the outstanding amounts at Group level and at the level of each institution, as well as the sensitization of employees to physical and transitional climate risks.

In line with the mapping of ACPR and ECB risks, climate risks are identified in the forward-looking risk analysis.

Risk Appetite Framework (RAF)

Climate-related risks are directly integrated into the main cross-functional processes used to identify and monitor Groupe BPCE's risks. The Environmental Risk categories including the Climate Risk dimension in its "Transition Risk" and "Physical Risk" components have been added to BPCE's risk framework as of 2019. At this stage, the materiality of these risk categories has been assessed by experts and supported by the mapping work presented above. The transition risk was considered to be material, including in the short term, given the potential reputational impacts, the risks related to changes in the regulatory and legal framework, and the strategic risk related to market developments in response to the environmental transition.

At the Groupe BPCE level, transition climate risk indicators are being integrated into the RAF (indicators under observation before calibration of a limit). The integration of two indicators for monitoring transition risks has already been validated. These are the share of DPE *(Diagnostic de performance énergétique)* F and G, and the share of corporate and professional outstandings in the seven sectors identified by ACPR during the 2020 stress test as being sensitive to the transition to a low-carbon economy.

Within the Corporate & Investment Banking scope, the proportion of assets classified as "dark brown" according to the Green Weighting Factor method, which are the assets most exposed to transition risk, is monitored in the Natixis Risk Appetite Framework. Work is currently underway to strengthen this system by defining a limit.

(1) ISS, majority-owned by Deutsche Börse, is a leading provider of corporate governance and responsible investment solutions for institutional and corporate investors worldwide. ESG solutions cover ESG research and ratings for companies and countries, identifying significant social and environmental risks and opportunities.

14.3 Credit risk

ESG sector policies

Since 2019, the Group's global risk policy, which is reflected in the sector policies, has included climate, environmental, social and governance criteria. These criteria are updated regularly at each sector policy review by the Non-Financial Risk Committee (CoREFi), and then validated at the Sector Watch Committee led by the Credit Risk department.

The ESG criteria, including climate, are established by the CoREFi, composed of the Climate Risk, Credit Risk and CSR teams. Each sector will be reviewed, at a minimum, every two years and more frequently depending on needs and current events.

CoREFi's rating and analysis methodology were validated by the Standards and Methods Committee on June 12, 2020. In 2021, CoREFi made its ESG rating methodology more robust by refining and expanding its analysis of ESG issues. This methodology is shared with the Group's institutions and subsidiaries.

Environmental Transition Questionnaire

In order to increase the integration of climate and environmental criteria, a questionnaire dedicated to the consideration of ESG issues has been created in 2019 and revised in 2021 to expand the environmental elements. This questionnaire is intended to be used by account managers to gather information about customers' knowledge, actions and commitment to climate and environmental issues.

In 2021, a pilot group composed of 8 institutions allowed for an initial deployment of this questionnaire and the collection of feedback from customers and business managers who tested it. This pilot exercise will end in early 2022. The questionnaire will be rolled out in the course of 2022, following feedback from the pilots.

EBA Loan Origination Guide[1]

In May 2020, the European Banking Authority published guidelines on the granting and monitoring of loans (EBA/GL/2020/06). The objective is to have a complete view of the loan approval process and to promote credit monitoring for optimal risk management.

Among the most significant new features for reporting institutions is the integration of ESG factors into internal governance practices and the valuation of guarantees. The work carried out by the Climate Risk department will contribute to achieving the objectives set by the EBA.

14.4 Financial risks

ESG analysis of the liquidity reserve

Groupe BPCE refinances itself in the markets and is attentive to the ESG performance of the cash acquired on the markets. By way of illustration, each Banques Populaires and Caisses d'Epargne institution has had access to the ESG rating of its liquidity reserve since the third quarter of 2021 through a Power BI tool dedicated to bond securities. A standard is in progress to limit any investment in securities below one ESG rating grade.

These non-financial analyzes of the liquidity reserve have been conducted since December 2019 and were generalized to all institutions in Q2 2021. This information enables Groupe BPCE institutions to better manage their portfolios and to communicate on their integration of ESG criteria.

[1] Loan Origination Guide: EBA guide to granting loans.

14.5 Awareness and training

Deployment of a thematic version of the Risk Pursuit on climate risks

The Climate Risk Pursuit is an interactive training tool that has been developed by the Climate Risk department of the Risk division. This tool aims to raise awareness and train the Group's employees on climate risks, their impacts and environmental, social and governance issues. At the end of December 2021, 16,220 Groupe BPCE employees had completed the training.

Reflection and awareness-raising workshops on climate risks

Reflection workshops were held quarterly throughout 2020, bringing together the Group's business lines (Risk, Commitments, CSR, Development, Legal, Insurance, etc.). These moments of exchange are based on proven cases of physical climate risks such as floods, drought or hailstorms. The purpose of these scenarios is to identify the main consequences and opportunities related to the case study for the banker and the insurer, as well as to draw up an action plan with the main preventive measures (reducing risk exposure to the incident) and possibly protection (reduction of impacts during the incident). The participants, brought together for their complementarity, thus appreciate the multiple facets of climate risks and each bring their skills and experience.

Ninety employees from 23 Group entities took part in these workshops and represented around 40 different business lines. These workshops are intended to be repeated with other BPCE employees, institutions and subsidiaries. The Climate Risk department plans to conduct one workshop per quarter in 2022.

14.6 Regulatory environment

Drafting of the Task Force on Climate-related Financial Disclosures (TCFD) report

The TCFD, a working group set up by the G20 Financial Stability Committee, aims to promote climate-related financial transparency. Groupe BPCE will publish its first TCFD report on October 21, 2021. This report presents Groupe BPCE's actions in support of the transition to a low-carbon economy and adaptation to the effects of climate change. The TCFD report is structured around four themes: Governance, Strategy, Risk Management and Indicators, which allows for a uniform presentation of how companies are taking climate issues into account in their organization and strategy.

The latter can be accessed by clicking on the link below: Groupe BPCE 2021 TCFD report.

ACPR and EBA pilot exercises and ECB stress tests

During the first half of 2021, the results of the pilot exercises of the *Autorité de contrôle prudentiel et de résolution* (ACPR), the French prudential supervisory authority for the banking and insurance sector – and the European Banking Authority – EBA -, in which Groupe BPCE voluntarily participated, were published.

At the European level, the results showed that more than half of banks' exposures (58% of total exposures of companies assessed) are allocated to sectors that could be sensitive to transition risk. According to a first approach, the aggregate green asset ratio in the European Union is only 7.9%.

This exercise is a first step and is intended to be taken further in order to develop consistent and comparable climate risk assessment tools between the various European banks.

As a second step, the EBA is continuing to work on the design of a climate risk resilience testing framework.

At the national level, the pilot exercise reveals an overall moderate exposure of French banks and insurance companies to climate change-related risks. The exposure of French institutions to the sectors most affected by transition risk (mining and quarrying, coking and refining, oil, agriculture, etc.) is relatively low. Nevertheless, the supervisor points out that the physical risks are far from negligible and that efforts must be made to analyze their financial impact. It is also important for the supervisor to support better resource allocation and transition funding. This exercise is intended to be repeated regularly. The next exercise should be held in 2023/2024.

The Group is following the first exchanges led by the ECB to build the framework for the future climate stress tests to be provided in early 2022.

ECB Guide (European Central Bank)

The ECB reiterated in its November 2020 climate and environmental risk guidance that "physical and transition risks are drivers of existing risks."

Following the publication of its guide, the ECB asked European banks to conduct a self-assessment of their climate risk management. Exercise carried out by the Group and delivered to the ECB in February 2021 together with a detailed action plan in May 2021.

Taxonomy

Groupe BPCE is continuing its work on the analysis of climate and environmental risks, particularly in the integration of the European taxonomy into internal classifications.

Thus, each sector analysis validated in COREFI includes a section dedicated to the eligibility of the sector for the European taxonomy.

In 2022, according to article 8 of the taxonomy regulation, financial actors will publish an eligible GAR[1]. This is the share of exposure to the activities retained in the European taxonomy.

(1) Green Asset Ratio.

15

REMUNERATION POLICY

Information on the policies and practices on pay granted to members of the executive body and persons whose professional activities have a material impact on the corporate risk profile are available at the following address:

https://groupebpce.com/en/investors/results-and-publications/pillar-iii

16

INTERNAL CONTROL POLICY AND CERTIFICATION

16.1 Internal control policy

General organization of permanent control

The internal control system defined by the Group contributes to the control of risks of all kinds and is governed by an umbrella charter – the Group Internal Control Charter – which stipulates that this system is designed, in particular, to ensure "[...] the reliability of financial and non-financial information reported both inside and outside the Group". In this context, the Group has defined and put in place a permanent control system to ensure the quality of the accounting and financial information in accordance with the requirements defined by the order of November 3, 2014 on internal control and all other regulatory obligations relating to the quality of reporting (in particular those resulting from the application of the provisions of EU Regulation No. 2019/876 (CRR2) or Recommendation No. 239 issued on January 9, 2013 by the Basel Committee on Banking Supervision regarding the implementation of the "Principles for aggregating risk data and risk notification".

This system is based on two levels of controls to ensure strict independence, with:

- the first level exercised by all those involved in the production and reporting process. For Pillar III, those involved in the process are mainly from the risk and Finance functions and are coordinated by the Finance & Strategy division (Institutional Financial Communication);
- the second level is handled by independent units within the Risk, Compliance or Permanent control functions. For Pillar III, this work is carried out by the Risk division (Risk Governance) and the Group General Secretariat (Group Financial Control).

Pillar III first-level production and control system

In addition to the requirements defined by CRR2 and the instructions issued by Financial Communication, Pillar III reporting is governed by general provisions defined by the group (and in particular the Framework for the preparation and publication of reports and management indicators) designed to strengthen the environment for the production, control and publication of Pillar III and the quality of its indicators. In addition, Pillar III reporting is identified and documented in the list of main reports published by BPCE (*Report Booklet*).

In addition to the documentation and self-checking procedures or controls, whose drafting and implementation are the responsibility of the various contributors to the *Pillar III report*, the *Finance and Strategy division* has put in place a detailed mapping of roles and responsibilities in the implementation of controls. It has also developed an automated cross-reporting tool comprising nearly 800 checks intended to ensure consistency between the different information in Pillar III.

Pillar III second-level control system

As part of its permanent control system, the group has developed a procedure to ensure that the information required for Pillar III reporting has been prepared in accordance with the policies, procedures, systems and controls in force.

The independent review of Pillar III reporting is carried out by the Risk division (Risk Governance) and the group General Secretariat (group Financial Control) as part of a global approach that combines:

- the review of the main regulatory reporting processes underlying Pillar III reporting (Common solvency ratio reporting and Financial reporting in particular), including for reporting periods prior to that relating to Pillar III;
- the implementation of an *Independent review grid* for reports designed to ensure that Pillar III reporting complies with regulatory requirements and the rules defined by the *Framework for the preparation and publication of reports and steering indicators*. Based on the scoring method, this grid is based on 6 analysis criteria: *Documentation, Organization, Data auditability, Control system, Accuracy* and *Clarity* of information and each criterion is rated on a scale between 1 (requirement not met) and 4 (requirement fully met).

16.2 Statement on the publication of information required under Pillar III

I certify that, to the best of my knowledge, disclosures provided in this document in relation to Pillar III comply with part 8 of CRR Regulation (EU) No. 575/2013 (and subsequent modifications) and have been prepared in accordance with the internal control framework agreed at BPCE management body level.

Paris, March 23, 2022

Laurent Mignon

Chairman of the BPCE Management Board

17

APPENDICES

17.1 Index to Pillar III report tables

17.2 Pillar III cross-reference table

CRR Article	Topic	Pillar III report reference	Pillar III report pages
435	Objectives and risk management policy	4 Governance and risk management system	26-40
436	Scope of consolidation	3 Capital management and capital adequacy	44; 57-72
437	Capital	3 Capital management and capital adequacy	48-50; 73-76
438	Capital requirements	3 Capital management and capital adequacy	51-52
439	Exposure to counterparty credit risk	6 Counterparty risk	146-156
440	Capital buffers	3 Capital management and capital adequacy	42-43; 79
441	Global systemically important indicators	BPCE website – Investment/regulated information section Regulatory publications	
442	Credit risk adjustments	5 Credit risk	91-93 ;106-111
443	Encumbered assets	9 Liquidity risk	202-205
444	Use of external credit rating agencies	5 Credit risk	98-100
445	Exposure to market risk	8 Market risk	172-185
446	Operational risk	11 Operational risk	224-228
447	Banking book equity exposures	5 Credit risk	143-144
448	Exposure to interest rate risk for banking book positions	9 Liquidity, interest rate and exchange rate risks	196-197
449	Exposure to securitization positions	7 Securitization transactions	158-170
450	Remuneration policy	BPCE website – Investment/regulated information section Other information	
451	Leverage	3 Capital management and capital adequacy	54; 81-82
452	Use of the IRB approach for credit risk	5 Credit risk	94-100
453	Use of credit risk mitigation techniques	5 Credit risk	94-100;119-122
454	Use of advanced measurement approaches for operational risk	11 Operational risk	N/A
455	Use of internal market risk models	8 Market risk	1175; 180-185
458	Macroprudential supervision measures	3 Capital management and capital adequacy	79

17.3 Glossary

Acronyms	
EBA	The European Banking Authority, established by EU regulation on November 24, 2010. It came into being on January 1, 2011 in London, superseding the Committee of European Banking Supervisors (CEBS). This new body has an expanded mandate. It is in charge of harmonizing prudential standards, ensuring coordination among the various national supervisory authorities and performing the role of mediator. The goal is to establish a Europe-wide supervision mechanism without compromising the ability of the national authorities to conduct the day-to-day supervision of credit institutions.
ABS	See securitization
ACPR	*Autorité de contrôle prudentiel et de résolution* (ACPR): French prudential supervisory authority for the banking and insurance sector (formerly the CECEI, or *Comité des établissements de crédit et des entreprises d'investissement*/Credit Institutions and Investment Firms Committee)
AFEP-MEDEF	*Association française des entreprises privées – Mouvement des entreprises de France*/French Association of Private Sector Companies – French Business Confederation
AFS	Available For Sale
ALM	Asset/Liability management
AMF	*Autorité des marchés financiers* (AMF), the French financial markets authority
AT1	Additional Tier 1
BCBS	Basel Committee on Banking Supervision, an organization comprised of the central bank governors of the G20 countries, tasked with strengthening the global financial system and improving the efficacy of prudential supervision and cooperation among bank regulators.
ECB	European Central Bank
EIB	European Investment Bank
BMTN	Negotiable medium-term notes
BRRD	Banking Recovery and Resolution Directive
CCF	Credit Conversion Factor
CDO	See securitization
CDPC	Credit Derivatives Products Company, *i.e.* a business specializing in providing protection against credit default through credit derivatives
CDS	Credit Default Swap, a credit derivative contract under which the party wishing to buy protection against a credit event (*e.g.* counterparty default) makes regular payments to a third party and receives a pre-determined payment from this third party should the credit event occur.
LTD	Loan-to-Deposit ratio, *i.e.* a liquidity indicator that enables a credit institution to measure its autonomy with respect to the financial markets
CLO	See securitization
CMBS	See securitization
CEGC	Compagnie Européenne de Garanties et de Cautions
CET1	Common Equity Tier 1
CFP	Contingency Funding Plan
CNCE	Caisse Nationale des Caisses d'Epargne
CPM	Credit Portfolio Management
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CVA	Credit Valuation Adjustment: the expected loss related to the risk of default by a counterparty. The CVA aims to take into account the fact that the full market value of the transactions may not be recovered. The method for determining the CVA is primarily based on the use of market inputs in connection with the practices of market professionals.
CVaR	Credit Value at Risk: the worst loss expected to be suffered after eliminating the 1% worst-case scenarios, used to determine individual counterparty limits.
DVA	Debit Valuation Adjustment (DVA): symmetrical to the CVA. Represents the expected loss, from the counterparty's perspective, on valuations of derivative liabilities. It reflects the impact of the entity's own credit quality on the valuation of these instruments.
EAD	Exposure at Default: the amount owed by the customer at the effective default date. It is the sum of the remaining principal, past due payments, accrued interest not yet due, fees and penalties.
OFR	Own Funds Requirements: *i.e.* 8% of risk-weighted assets (RWA)
EL	Expected Loss: 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. It is calculated by multiplying exposure at risk (EAD) by Probability of Default (PD) and by Loss Given Default (LGD).
DVA	Debit Valuation Adjustment (DVA): symmetrical to the CVA. Represents the expected loss, from the counterparty's perspective, on valuations of derivative liabilities. It reflects the impact of the entity's own credit quality on the valuation of these instruments.
EURIBOR	Euro Interbank Offered Rate: the benchmark interest rate on the Eurozone's money market
FBF	*Fédération bancaire française* (French Banking Federation): a professional body representing all banking institutions in France
FCPR	*Fonds commun de placement à risque*/Venture capital investment fund
FGAS	*Fonds de garantie à l'accession sociale*/French State guarantee fund for subsidized loans

Acronyms

FINREP	FINancial REPorting
SRF	Single Resolution Fund
FSB	The Financial Stability Board: whose mandate is to identify vulnerabilities in the global financial system and to implement principles for regulation and supervision in the interest of financial stability. Its members are central bank governors, finance ministers and supervisors from the G20 countries.
GAP	Asset/Liability management
G-SIBs	Global Systemically Important Banks are financial institutions whose distress or failure, because of their size, complexity and systemic inter-dependence, would cause significant disruption to the financial system and economic activity. These institutions meet the criteria established by the Basel Committee and are identified in a list published in November 2011 and updated every year. The constraints applicable to G-SIBs increase with their level of capital.
HQLA	High-Quality Liquid Assets
Non-life insurance policies (IARD)	*Incendie, accidents et risques divers*/property and casualty Insurance
IASB	International Accounting Standards Board
ICAAP	Internal Capital Adequacy Assessment Process: a process required under Pillar II of the Basel Accords to ensure that firms have sufficient capital to cover all their risks.
ILAAP	Internal Liquidity Adequacy Assessment Process: Process provided for in Pillar II of the Basel Accords through which the Group ensures the adequacy of its liquidity level and its management with regard to all its liquidity risks
IFRS	International Financial Reporting Standards
IRB	Internal-Ratings Based: an approach to capital requirements based on the financial institution's internal rating systems
IRBA	Advanced IRB approach
IRBF	Foundation IRB approach
IRC	Incremental Risk Charge: the capital requirement for an issuer's credit migration and default risks, covering a period of one year for fixed income and loan instruments in the trading book (bonds and CDSs). The IRC is a 99.9% Value at Risk measurement; *i.e.* the greatest risk obtained after eliminating the 0.1% worst-case scenarios.
L&A	Loans and Advances
LCR	Liquidity Coverage Ratio: a measurement introduced to improve the short-term resilience of banks' liquidity risk profiles. The LCR requires banks to maintain a reserve of risk-free assets that can be converted easily into cash on the market in order to cover its cash outflows minus cash inflows over a 30-day stress period without the support of central banks.
LBO	Leveraged Buyout
AML-CTF	Anti-Money Laundering and Counter Terrorism Financing
LGD	Loss Given Default, a Basel II credit risk indicator corresponding to loss in the event of default
MDA	Maximum Distributable Amount, a new provision for banks placing restrictions on their dividend, AT1 coupon and bonus payments (under a rule that tightens restrictions as banks deviate from their requirements), if the capital buffers are not met. As these buffers are on top of Pillars I and II, they apply immediately if the bank fails to comply with the combined requirements.
SSM	Single Supervisory Mechanism
MREL	Minimum Requirement for own funds and Eligible Liabilities
MRU	Single Resolution Mechanism
NPE	Non-Performing Exposure
NPL	Non-Performing Loan
NSFR	Net Stable Funding Ratio: this ratio is intended to strengthen the longer-term resilience of banks through additional incentives meant to encourage banks to finance their operations using more structurally stable resources. This long-term structural liquidity ratio, applicable to a one-year period, was formulated to provide a viable structure for asset and liability maturities.
OH	*Obligations de financement de l'habitat*/Housing financing bond
BCP	Business Continuity Plan
PD	Probability of Default: the likelihood that a counterparty of the bank will default within a one-year period
RMBS	See securitization
RSSI	*Responsable de la sécurité des systèmes d'information*/Head of Information System Security
RWA	Risk-Weighted Assets. The calculation of credit risks is further refined using a more detailed risk weighting that incorporates counterparty default risk and debt default risk
S&P	Standard & Poor's
SCF	Société de crédit foncier/a French covered bond issuer
SEC	US Securities and Exchange Commission
SFH	Housing Finance Company
IS	Information System

Acronyms

SREP	Supervisory Review and Evaluation Process: Methodology for assessing and measuring the risks faced by each bank. SREP gives the prudential authorities a set of harmonized tools to analyze a bank's risk profile from four different angles: business model, governance and risk management, risk to capital, and risk to liquidity and funding. The supervisor sends the bank the SREP decisions at the end of the process and sets key objectives. The bank must then "correct" these within a specific time
SRM	Single Resolution Mechanism: an EU-level system to ensure an orderly resolution of non-viable banks with a minimal impact on taxpayers and the real economy. The SRM is one of the pillars of the European Banking Union and consists of an EU-level resolution authority (Single Resolution Board – SRB) and a common resolution fund financed by the banking sector (Single Resolution Fund – SRF).
SVaR	Stressed Value at Risk: the SVaR calculation method is identical to the VaR approach (historical or Monte Carlo method, scope – position, risk factors – choices and modeling – model approximations and numerical methods identical to those used for VaR) and involves a historical simulation (with "one-day" shocks) calculated over a one-year stressed period, at a 99% confidence level scaled up to 10 days. The goal is to assess the impacts of stressed scenarios on the portfolio and current market levels.
T1/T2	Tier 1/Tier 2
TLAC	Total Loss Absorbing Capacity: a ratio applicable to G-SIBs that aims to ensure that each G-SIB has the capacity to continue its essential operations for the economy even after a loss has consumed all of its capital. In November 2015, the FSB published the final TLAC calibration: all TLAC-eligible instruments will have to be equivalent to at least 16% of risk-weighted assets at January 1, 2019 and at least 6% of the leverage ratio denominator. TLAC will subsequently have to be equivalent to 18% of risk-weighted assets and 6.75% of the leverage ratio denominator from January 1, 2022.
TRS	Total Return Swap, *i.e.* a transaction whereby two parties exchange the income generated and any change in value on two different assets over a given time period.
TSS	*Titres supersubordonnés*/deeply subordinated notes: perpetual bonds with no contractual redemption commitment that pay interest in perpetuity. In the event of liquidation, they are repaid after other creditors (subordinated loans). These securities pay annual interest contingent on the payment of a dividend or the achievement of a specific result.
VaR	Value at Risk: a measurement of market risk on a bank's trading book expressed as a monetary value. It allows the entity performing the calculation to appraise the maximum losses liable to be incurred on its trading book. A statistical variable, VaR is always associated with a confidence interval (generally 95% or 99%) and a specific time frame (in practice, one day or 10 days, as the trading positions involved are meant to be unwound within a few days).

Key technical terms

Netting agreement	A contract whereby two parties to a forward financial instrument (financial contract, securities loan or repurchase agreement) agree to settle their reciprocal claims under these contracts through a single consolidated net payment, particularly in the event of default or contract termination. A master netting agreement extends this mechanism to different transactions through one all-encompassing contract.
Equities	An equity security issued by a corporation, representing a certificate of ownership and entitling the holder (the "shareholder") to a proportional share in the distribution of any profits or net assets, as well as a voting right at the General Meeting.
Rating agency	An organization that specializes in assessing the creditworthiness of issuers of debt securities, *i.e.* their ability to honor their commitments (repayment of capital and interest within the contractual period).
Risk appetite	Level of risk, expressed through quantitative or qualitative criteria, by type of risk and business line, that the Group is prepared to accept given its strategy. The risk appetite exercise is one of the key strategic oversight tools available to the Group's management team.
Standardized approach	An approach used to determine capital requirements relative to credit risk, pursuant to Pillar I of Basel II. Under this approach, the risk weightings used when calculating capital requirements are determined by the regulator.
Basel II (the Basel Accords)	A supervisory framework aimed at better anticipating and limiting the risks borne by credit institutions. It focuses on banks' credit risk, market risk and operational risk. The terms drafted by the Basel Committee were adopted in Europe through a European directive and have been applicable in France since January 1, 2008.
Basel II (the Basel Accords)	Changes in banking prudential standards which incorporated the lessons of the financial crisis of 2007-2008. They complement the Basel II Accords by strengthening the quality and quantity of minimum own funds that institutions must hold. Basel III also establishes minimum requirements for liquidity risk management (quantitative ratios), defines measures aimed at limiting procyclicality in the financial system (capital buffers that vary according to the economic cycle) and reinforces requirements for financial institutions deemed to be systemically important.
"Bank acting as originator"	See securitization
"Bank acting as sponsor"	See securitization
"Bank acting as investor"	See securitization
CRD IV/CRR	(See Acronyms.) Directive No. 2013/36/EU (CRD IV) and regulation (EU) No. 575/2013 (CRR), which transpose Basel II in Europe. In conjunction with the EBA's (European Banking Authority) technical standards, they define European regulations for the capital, major risk, leverage and liquidity ratios.
Cost/income ratio	A ratio indicating the portion of net banking income used to cover operating expenses (the company's operating costs). It is calculated by dividing operating costs by net banking income.
Collateral	A transferable asset or guarantee pledged to secure reimbursement on a loan in the event the borrower fails to meet its payment obligations.
Haircut	The percentage by which a security's market value is reduced to reflect its value in a stressed environment (counterparty risk or market stress).
Derivative	A financial security or financial contract whose value changes based on the value of an underlying asset, which may be either financial (equities, bonds, currencies, etc.) or non-financial (commodities, agricultural products, etc.) in nature. This change may coincide with a multiplier effect (leverage effect). Derivatives can take the form of either securities (warrants, certificates, structured EMTNs, etc.) or contracts (forwards, options, swaps, etc.). Exchange-traded derivatives contracts are called futures.
Credit derivative	A financial product whose underlying asset is a credit obligation or debt security (bond). The purpose of the credit derivative is to transfer credit risk without transferring the asset itself for hedging purposes. One of the most common forms of credit derivatives is the credit default swap (CDS).
Senior non-preferred debt	Senior non-preferred debt is a category of securities, receivables, instruments or rights introduced by directive (EU) No. 2017/2399 amending directive No. 2014/59/EU (BRRD) that, in the event of the insolvency of the credit institution, rank higher than the securities, receivables, instruments or rights considered as subordinated, but lower than that of the other securities, receivables, instruments or rights considered as senior (including preferred senior debt).
Senior Preferred	Preferred senior debt is a category of securities, receivables, instruments or rights that, in the event of the insolvency of the credit institution, rank higher than other securities, receivables, instruments or rights considered as senior and subordinated (including senior non-preferred debt).
Gross exposure	Exposure before the impact of provisions, adjustments and risk mitigation techniques
Tier 1 capital	Core capital including the financial institution's consolidated shareholders' equity minus regulatory deductions
Tier 2 capital (T2)	Supplementary capital mainly consisting of subordinated securities minus regulatory deduction
Fair value	The price that would be received to sell an asset or paid to transfer a liability in a standard arm's length transaction between market participants at the measurement date. Fair value is therefore based on the exit price.
Liquidity	In a banking context, liquidity refers to a bank's ability to cover its short-term commitments. Liquidity also refers to the degree to which an asset can be quickly bought or sold on a market without a substantial reduction in value.
Rating	An appraisal by a financial rating agency (Fitch Ratings, Moody's, Standard & Poor's) of the creditworthiness of an issuer (company, government or other public entity) or a transaction (bond issue, securitization, covered bond). The rating has a direct impact on the cost of raising capital.
Bond	A portion of a loan issued in the form of an exchangeable security. For a given issue, a bond grants the same debt claims on the issuer for the same nominal value, the issuer being a company, a public sector entity or a government.
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.

Key technical terms

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.
Pillar III	Pillar III is concerned with establishing market discipline through a series of reporting requirements. These requirements – both qualitative and quantitative – are intended to improve financial transparency in the assessment of risk exposure, risk assessment procedures and capital adequacy.
Common Equity Tier 1 ratio	Ratio of Common Equity Tier 1 (CET1) capital to risk-weighted assets. The CET1 ratio is a solvency indicator used in the Basel III prudential accords.
Leverage ratio	Tier 1 capital divided by exposures, which consist of assets and off-balance sheet items, after restatements of derivatives, funding transactions and items deducted from capital. Its main goal is to serve as a supplementary risk measurement for capital requirements.
Total capital ratio	Ratio of total capital (Tier 1 and 2) to risk-weighted assets (RWA)
Resecuritization	The securitization of an exposure that is already securitized where the risk associated with an underlying pool of exposures is tranched and at least one of the underlying exposures is a securitization position.
Credit and counterparty risk	The risk of loss from the inability of clients, issuers or other counterparties to honor their financial commitments. Credit risk includes counterparty risk related to market transactions and securitization.
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
Operational risk	Risks of losses or penalties due in particular to failures of internal procedures and systems, human error or external events
Structural interest rate and exchange rate risk	The risk of losses or impairment on assets arising from changes in interest rates or exchange rates. Structural interest rate and foreign exchange risks are associated with commercial activities and proprietary transactions.
Liquidity risk	The risk that a bank will be unable to honor its payment commitments as they fall due and replace funds when they are withdrawn.
Swap	An agreement between two counterparties to exchange different assets, or revenues from different assets, until a given date
Securitization	A transaction whereby credit risk on loan receivables is transferred to investors by an entity through the issuance of negotiable securities. This may involve the transfer of receivables (physical securitization) or the transfer of risks only (credit derivatives). Some securitization transactions are subordinated through the creation of tranches: ● ABS – Asset-Backed Securities, *i.e.* instruments representing a pool of financial assets (excluding mortgage loans), whose performance is linked to that of the underlying asset or pool of assets; ● CDOs – Collateralized Debt Obligations, *i.e.* debt securities backed by a pool of assets which can be either bank loans (mortgages) or corporate bonds. Interest and principal payments may be subject to subordination (*i.e.* through the creation of tranches); ● CLOs – Collateralized Loan Obligations, *i.e.* credit derivatives backed by a homogeneous pool of commercial loans; ● CMBS – Commercial Mortgage-Backed Securities; ● RMBS – Residential Mortgage-Backed Securities, *i.e.* debt securities backed by a pool of assets consisting of residential mortgage loans; ● Bank acting as originator: the securitization exposures are the retained positions, even where not eligible for the securitization framework due to the absence of significant and effective risk transfer; ● Bank acting as investor: investment positions purchased in third-party deals; ● Bank acting as sponsor: a bank is considered a "sponsor" if it, in fact or in substance, manages or advises the program, places securities into the market, or provides liquidity and/or credit enhancements. The program may include, for example, asset-backed commercial paper (ABCP) conduit programs and structured investment vehicles. The securitization exposures include exposures to ABCP conduits to which the bank provides program-wide enhancements, liquidity and other facilities.
Net value	Total gross value less allowances/impairments
Volatility	A measurement of the magnitude of an asset's price fluctuation and thus a measurement of its risk. Volatility corresponds to the standard deviation of the asset's immediate returns over a given period.

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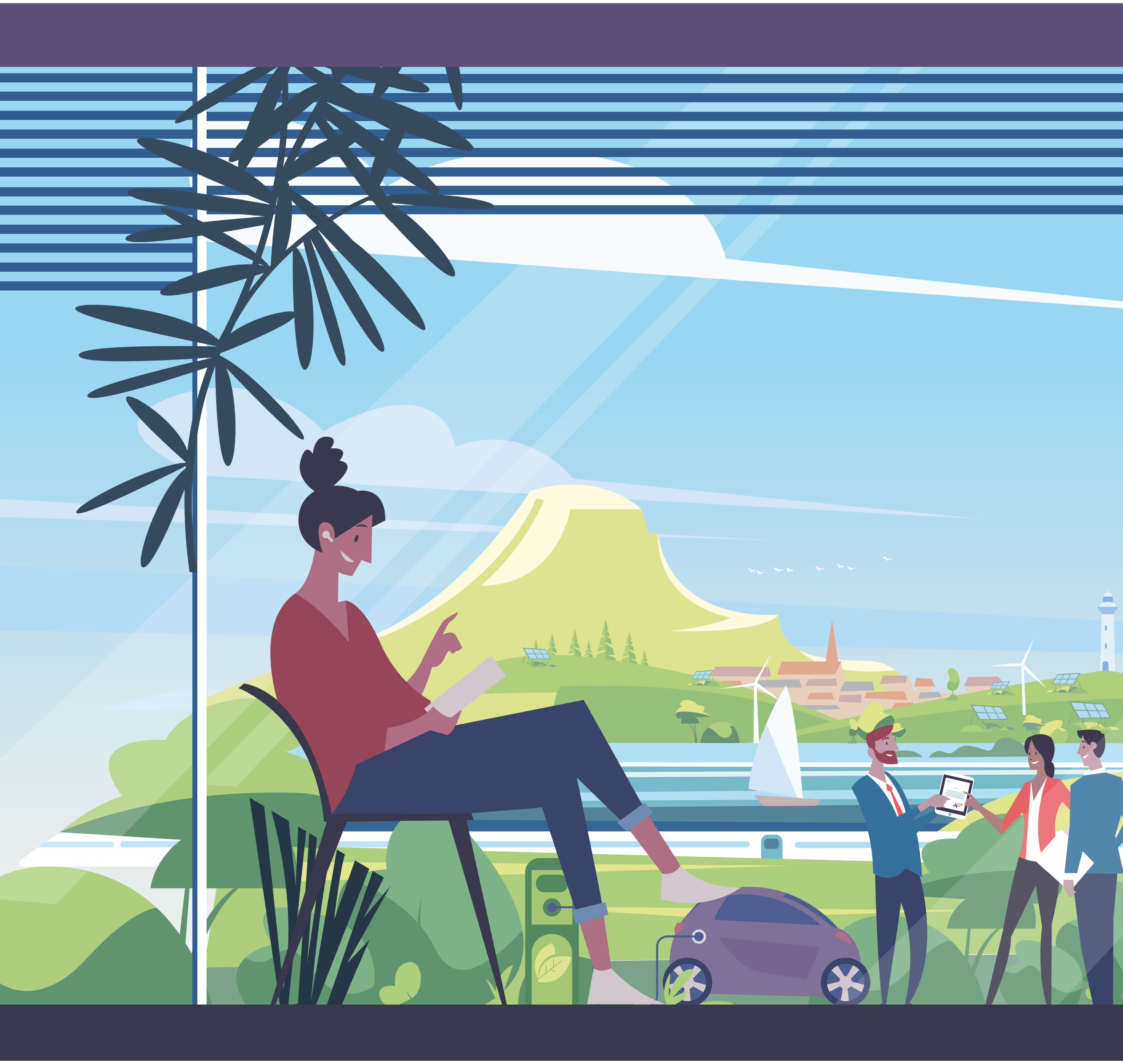

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BPCE
A French limited company
(Société Anonyme)
governed by a Management
and Supervisory Board
with a capital of €180,478,270

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